

## PUBLIC STORES—NEW YORK.

JUNE 15, 1860.—Ordered to be printed, and its further consideration postponed until the 2d Tuesday in December next.

Mr. IRWINE, from the Select Committee, made the following

### R E P O R T .

*The Select Committee appointed to investigate the matter of the contract for working the public stores in the city of New York, under the House resolution adopted March 26, 1860, and to whom was referred the petitions on that subject, make the following report :*

That they have taken evidence on the subjects embraced in the petitions, in which it appears that for several years prior to the execution of the contract in question there had been a constantly increasing expense in the working of the said stores, arising mainly from the manner and amount of the labor employed in that department.

That the Secretary of the Treasury, with a view to lessen the expenses, and to secure a faithful and satisfactory performance of the administration of that department, contracted with Messrs. Mather, Bixby, McIntyre & Craig, to perform that service, reserving the right to rescind the contract at any time within six months after its date ; that subsequently and before the expiration of that period a supplemental agreement was executed by and between the Secretary and the contractors, reserving the right in the Secretary to rescind the original contract at any time within six months thereafter.

That the working of the said stores by the contractors has been performed to the satisfaction of the mercantile community and the officers of the customs in New York.

That the amount reserved in the contract as and for the compensation to be allowed and paid to the contractors for the service seems reasonable, and actually lessens the expense to the government, of the public stores, to the amount of \$89,000, as compared with the last two preceding years.

That before the contract system was adopted for carrying on these stores laborers therein were appointed by or under the direction of the collector ; and the practice had grown up of making such appointments upon the application or at the instance of members of Congress, in the city of New York, taking the men from the several congressional districts therein, and in effect billeting them on the public stores at the price of \$2 per day, to be paid by the government.

The only person examined by the committee, who had ever been a

laborer in these stores, is one James O'Reilly, and as in some degree exemplifying the practical working of the system, the committee refer briefly to a portion of the evidence of this witness, who testified that he procured a large proportion of all the signatures to the several petitions referred to the committee, and who appears in the investigation as a sort of "public prosecutor." He testified, "that under the old system there were a lot of drunkards and loafers kept there;" that while he was employed there, there were 10 to 14 of them with him on the fifth floor that done little or nothing, and received \$2 per day; that there were many more in the public stores kept in the same way." He was in the store about 9 months, and to the inquiry "How many, on an average, were there doing nothing," he replied, "I should say a great number, that some of these men were politicians, active men at elections in the different wards." To the inquiry "Do you think they had any claim for \$2 a day, and a sinecure of doing nothing, but for the fact that they were active men in the ward elections," he answered, "I should think that was the only claim they had," and that that was his position too, that there was no other ground for his appointment.

Since the contract in question was made, the contractors have employed only so many men as the business of the public stores demanded, and in their selection have had reference to their ability and fitness to perform the service required of them. In short, they perform with about one hundred laborers the same work that was heretofore performed by three or four hundred men; and the testimony taken before the committee shows conclusively that this investigation was set on foot and prompted by men who had heretofore been provided for at the public expense, by having been billeted on the public stores at \$2 per day, with little or nothing to do, excepting to attend primary meetings and elections, and who were promptly discharged when the contractors entered on their service; whereupon these men, under the lead of Mr. James O'Reilly, who seems to hold a prominent if not a leading position among the disaffected, set themselves at work with the intent to induce this contract to be rescinded, and procure a restoration of the old system. The committee are unwilling to indorse this action, being satisfied that the contract system is more economical, seems to correct former abuses, and is entirely satisfactory to the large mercantile interests of New York. The point has been made that the Secretary was bound to advertise for this service, but the committee, upon a full examination of the laws and regulations relating to the powers and duties of the Secretary of the Treasury in respect to the collection of the revenue, are satisfied that the objection is not well founded, and that the Secretary had authority of law in the premises. The authorities referred to are appended in a note to this report.

In conclusion, the committee ask leave to report the following resolutions:

*Resolved*, That the manifest abuses heretofore obtaining in the employment of laborers in the public store in Broad street, New York,



fully justified the Secretary of the Treasury in making a change; and in making such change the Secretary acted by authority of law.

*Resolved*, That in the execution of the contract with Messrs. Mather, Bixby, McIntyre, and Craig, the said contractors have performed the service to the entire satisfaction of the mercantile community having business with the public stores.

*Resolved*, That in the giving out of this contract by the Secretary there is no evidence of favoritism or fraud.

WM. IRVINE.

JOHN P. VERREE.

J. MORRISON HARRIS.

M. R. H. GARNETT.

NOTE OF AUTHORITIES.—Act of May 8, 1792, sec. 6; act of September 2, 1789, sec. 1; 3 Opinions, page 249; act of March 3, 1841, sec. 6; act of March 3, 1849, sec. 4; act of March 3, 1809, sec. 5; act of May 28, 1830.

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### THIRTY-SIXTH CONGRESS, FIRST SESSION.

#### CONGRESS OF THE UNITED STATES.

IN THE HOUSE OF REPRESENTATIVES, *March 26, 1860.*

On motion by Mr. Barr,

*Resolved*, That the Committee on Public Expenditures be, and they are hereby, discharged from the further consideration of the memorials of citizens of New York to examine into the contract made by the Secretary of the Treasury with McIntyre, Bixby & Co., for the labor in the public store No. 12 Broad street, New York, and that the said memorials be referred to a special committee of five, to be appointed by the Speaker; the said committee to have power to send for papers and persons, and report at an early day.

The Speaker appointed Messrs. Barr and Conkling, of New York, Garnett, of Virginia, Verree, of Pennsylvania, and Harris, of Maryland, to serve as said committee.

Attest:

J. W. FORNEY, *Clerk.*

Mr. BARR submitted the following

## MINORITY REPORT.

The special committee to whom was referred the subject-matter of the following resolution, that the Committee on Expenditures be, and they are hereby, discharged from the further consideration of the memorials of citizens of New York to examine into a contract made by the Secretary of the Treasury with McIntyre, Bixby & Co., for labor in the public store No. 12 Broad street, New York, and that the said memorials be referred to a special committee of five, to be appointed by the Speaker; said committee to have power to send for papers and persons, and report at an early day, through the undersigned respectfully report: That in the process of levying imposts upon foreign merchandise, and of collecting the public revenues arising from the customs, in the city of New York, a large amount of both manual labor and cartage is annually required and bestowed. This necessity proceeds from the routine of delivery of foreign merchandise from the vessels at the public wharf, its carriage thence to the point designated for its official examination and appraisement, and the incidental labor attendant upon the receipt and distribution; the opening and closing and ultimate delivery to the owner or consignee of large packages, in great numbers, of goods, wares, and merchandise. The place at which the greatest part of this labor is performed is designated as the appraisers' stores. It is there that the process of valuation for imposing duty is begun and concluded, and there that the work of delivery is performed. It is, therefore, apparent that, besides the care and attention required from the government officer, under the obligations of his official warrant, the work of horses and carts, and of laboring men, is absolutely necessary for the carriage of heavy burdens and the incidental locomotion of large bales, packages, and casks of merchandise. Some estimate of the magnitude and extent of such labor may be derived from the fact that the sums paid annually by the government for the same have hitherto exceeded the sum of \$225,000. The present Secretary of the Treasury, under the conviction that this work could be performed at less expense to the government, determined to effect his purpose through the intervention of a contract. He accordingly directed a contract to be executed, on the 26th day of August, 1859, between William N. McIntire, John C. Mather, Francis M. Bixby, and James B. Craig, parties of the first part, and Augustus Schell, collector of the port of New York, acting for and on behalf of the United States, with the approbation of the Secretary of the Treasury, party of the second part. The terms of this contract will be seen at page 4 of Executive Document No. 67. It may be here properly described as a contract by which the parties of the first part agree, in consideration of the sum of \$137,000 per annum, to be paid to them weekly, in equal weekly payments, by the government of the United States, of the second part, *"to furnish to said government labor and laborers,"*

and to perform services at the United States appraisers' stores in Broad street, or at such stores as may from time to time be known as such, in packing, receiving, distributing, opening, closing, and delivering packages containing goods, wares, and merchandise, imported into the port of New York, and to pay the expenses of transporting said merchandise to said stores." To effect this, and to secure the government both against any possible obligations to pay the laborer who may actually perform the manual work necessary for "the examination and appraisal of imported goods, wares, and merchandise, by virtue of the revenue laws of the United States," and against the expense of employing officers to make such payments, the parties of the first part agree, that they "will furnish, employ, and pay, at their own sole cost, all the labor and laborers which may be at any and all times necessary" for the performance of the aforesaid work. This statement is, therefore, admissible at this point of the case, viz: that the Secretary of the Treasury, to effect an annual saving of expense to the government of the sum of \$89,000, entered into a contract with William N. McIntire, John C. Mather, Francis M. Bixby, and James B. Craig, that they should procure to be performed the services and labor which the government, itself being under obligation to perform, had previously procured to be performed through its custom-house officers. While the committee fully admit the value of the reduction, they are obliged also to animadvert, through the disclosure of its possibility, upon the chronic abuse which so long sustained a system of public expenditure at its former exaggerated proportions. But laudable as the effect is admitted to be, the undersigned is not satisfied that the reduction has reached its lowest attainable point. It will be observed that not all of the sum agreed to be paid to the contractors by the government is in recompense of their actual outlay for labor and services. Doubtless a large part of it enures to them in recompense of their personal expenditure of time, attention, and care in selecting, employing, superintending, and paying the laborers. Indeed, the contract declares in terms that the price therein named is agreed to be paid to them in consideration that they "*will furnish, employ, and pay, at their own sole cost, all the labor and laborers which may at any time be necessary,*" &c. How much, therefore, of the contract price is actually for the requisite labor and services, and how much in the shape of commissions to the contractors for their emoluments and profits, is impossible for the committee to determine. Nor is it thought that certainty on this point is necessary. Enough is apparent to teach us that not only was the government, previously to the contract, paying exorbitantly for the labor and services required in the appraisers' stores, but that under the contract the same services and labor are being furnished to the government by the contractors for a sum much larger than that for which they can be performed by the laborers. And this the undersigned supposes to be the inseparable evil of all contracts between a government and individuals for the performance of a duty primarily obligatory on the government itself; an evil perceptible in some instances in the creation of a class of middle men, whose profits usually consist in the difference between the

contract price and the sum for which they actually procure the services or labor contracted to be done, and in other instances perceptible in the gains wrung from a reluctant people by farmers of the revenue, when exacting the utmost farthing of taxes beyond the sum paid by them for the privilege of collecting them. In all such cases, while to the government is imputable the odium of oppressing labor, the truth is apparent, as it is in this case, that the government is still as far from an attainable economy as the price paid to the contractor is greater than the sum for which he procures the services and labor to be performed. Evidently the correction of such an abuse may be made by abolishing the contractors or middle men, and compelling the government officer charged with the duty to observe at the price of no more than his official salary the same economy in the employment of labor and services that is attained by the contractors, but in their case at the additional charge to the government of the contractors' large profits. The readiest method of accomplishing this is to require the appraisers to discharge the duty now devolved upon them by law, but for doing which the government is now paying these contractors. Your committee is assured that it can be done at a price less than that which the government is now paying under the contractors. The statute empowering the appraisers to employ clerks and laborers is to be found in the act of May 28, 1830, section 6, (Brightly's Digest, page 368,) and is in the following words, viz:

"And the clerks *and all other persons* employed in the appraisers' office shall be appointed by the principal appraisers, and their number and compensation limited and fixed by the Secretary of the Treasury."

It will be remembered that the work which the contractors agree that they will furnish, and for which the government agrees to pay them a fixed sum, is confined by the contract to "*the United States appraisers' stores in Broad street, or such stores as may from time to time be known as such.*" And again: "*to the stores in Broad street, now occupied and used by the United States appraisers, or any stores which may, during the continuance of the contract, be occupied and used by said appraisers for the examination and appraisement of imported goods, wares, and merchandise, by virtue of the revenue laws of the United States.*" The appraisers' office is within these stores, and these stores are their office. For whatever purpose, therefore, may have been made the subtle distinction between a store where the work of the appraisers' department is done and the office within that store where the appraiser sits in person at his official desk, it is certain that no real distinction obtains, and that the law which directs the principal appraisers to appoint clerks *and all other persons* employed in the appraisers' office, empowers them to appoint clerks and *all other persons* employed in the appraisers' stores where their duties are performed, and consequently empowers them to employ laborers to perform the work of the appraisers' stores. But that, in the future, no cavil may prevail to a different construction of so plain a direction, the committee herewith report an amendment to the said 6th section of the act of 28th of May, 1830, and recommend that it

do pass into a law. The undersigned have reported thus much of their opinion of the inexpediency of the government having entered into the contract in question, and of the injurious effect thereof upon the economy of the public expenditures. In the same connexion they should, with a reference to the power of selecting laborers, with which the contractors are invested, indicate unfavorably the powerful patronage which the government thus has farmed out at a price to a few individuals. These are reasons, however, why the contract should be rescinded—because of its violation of public policy. The undersigned now proceed to show that the contract is in clear violation of law, and is, therefore, for some reasons voidable, and for others null and void. Before, however, proceeding to argue the illegality of the contract as an entirety, your committee will direct attention to the indefensible character of one of its covenants. It is to be found at page 6 of executive document No. 67, and is in the words following, to wit:

“And it is further covenanted and agreed by the party of the second part that the said party of the second part will collect and receive from the owners or consignees of all goods, wares, and merchandise which may be sent to said stores for appraisement, without invoice or for appraisement of damage, such sums as may be due on such goods, wares, and merchandise for labor and cartage, and will pay such sums so received to the parties of the first part on the last day of each week during the continuance of this contract.”

It is to be held in view that the obligation of bestowing the labor and cartage on the goods, wares, and merchandise in this paragraph mentioned is primarily that of the government, and that all sums paid for such labor and cartage by the government are a legal charge against the owner or consignee of the goods, wares, and merchandise, and constitute a lien thereon in behalf of the government equal to their amount. But it is covenanted by the contractors that they will procure to be performed both this labor and cartage, instead of the government; and the government covenants that it will, in consideration thereof, “collect and receive from the owners and consignees such sums as may be due on the goods, wares, and merchandise for labor and cartage, and will pay them to the contractors on the last day of each week during the continuance of the contract.” Now, although there is a covenant in the contract that the government shall retain the custody of said goods, wares, and merchandise as required by law, yet the covenant above recited being in law a valid assignment to the contractors of whatever sums may be due to the government for labor and cartage of goods, wares, and merchandise, it is quite evident that the lien of the government upon such goods, wares, and merchandise for all such sums is entirely destroyed, and that the owners and consignees of all such goods, wares, and merchandise are entitled to possession of them, discharged of such lien. In confirmation of this statement, the undersigned have but to refer to the well-established legal principle that a lien, being a personal right, cannot be assigned, and that the assignment, consequently, of the debt which it secures, passes the debt, but extinguishes the lien. In the opinion



of the undersigned, a contract which thus tampers with so large a class of the securities which government depends upon in the administration of the revenue laws should be at once rescinded. The contract is between four persons, parties of the first part, and Augustus Schell, collector of the port of New York, *acting for and in behalf of the United States, with the approbation of the Secretary of the Treasury, party of the second part.*" The first section of the act of April 21, 1808, (Brightly's Digest, 190,) provides as follows: "No member of Congress shall, directly or indirectly, himself or by any other person whatsoever, in trust for him or for his use or benefit, or on his account undertake, execute, hold, or enjoy, in whole or in part. any contract or agreement hereafter to be made or entered into with any officer of the United States in their behalf, or with any person authorized to make contracts on the part of the United States." Section 3 of the same act provides, further: "In every such contract or agreement to be made or entered into, or accepted as aforesaid, there shall be inserted an express condition that no member of Congress shall be admitted to any share or part of such contract or agreement, or to any benefit to arise thereupon." An inspection of the contract discloses the insertion of no condition such as the section last recited requires, and, although the undersigned are entirely satisfied that no member of Congress was or has been admitted to any share or part of such contract or agreement, or to any benefit to arise thereupon, yet they cannot but express their surprise that this direction was not observed, and instance the omission as another reason for the reversion of the contract. That which the parties of the first part to the contract agree to do is to "furnish, employ, and pay, at their own sole cost, all the labor and laborers which may be at any and all times necessary for the purpose of receiving, storing, and delivering all goods, wares, and merchandise which may be received at the stores in Broad street, now occupied and used by United States appraisers, or any stores which may, during the continuance of this contract, be occupied and used by said appraisers for the examination and appraisement of imported goods, wares, and merchandise, by virtue of the revenue laws of the United States."

Section five of the statute above quoted, (Brightly's Digest, 191,) is as follows: "It shall be the duty of the Secretary of the Treasury, Secretary of War, Secretary of the Navy, and the Postmaster General annually to lay before Congress a statement of all the contracts which have been made in their respective departments during the year preceding such report, exhibiting in such statement the name of the contractor, the article or thing contracted for, the place where the article was to be delivered, or the thing performed, the sum to be paid for its performance or delivery, the date and duration of the contract."

It is not questioned that such a statement and exhibit of this contract was not made by the Secretary of the Treasury. Again, the sixth section of the act of May 1, 1820, (Brightly's Digest, 191,) requires that no contract shall hereafter be made by the Secretary of State, or of the Treasury, or of the Department of War, or of the

Navy, except under a law authorizing the same, or under an appropriation adequate to its fulfillment, and excepting also contracts for the subsistence and clothing of the army or navy, and contracts by the quartermaster's department, which may be made by the Secretaries of those departments."

It admits of no dispute that there existed at the date of this contract neither a law authorizing the same nor an appropriation adequate to its fulfillment. No reasonable doubt, therefore, can be entertained that the contract is null and void.

The committee will be content with reference, finally, to the fifth section of the act of March 3, 1809; and, in order to do so effectually, here quote the same from Brightly's Digest, 191: "All purchases and contracts for supplies or services which are or may, according to law, be made by or under the direction of either the Secretary of the Treasury, the Secretary of War, or the Secretary of the Navy shall be made either by open purchase or by previously advertising for proposals respecting the same; and an annual statement of all such contracts and purchases; and also of the expenditures of the moneys appropriated for the contingent expenses of the military establishment; for the contingent expenses of the navy of the United States; and for the discharge of miscellaneous claims not otherwise provided for, and paid at the treasury, shall be laid before Congress at the beginning of each year by the Secretary of the proper department."

It cannot have been forgotten that the contract is for labor and the services of laborers in the appraisers stores in the city of New York. It is neither pretended that there was a previous advertisement for proposals respecting the same, nor that an annual statement of the contract has been made. If, therefore, such a contract may, according to law, be made by the Secretary of the Treasury, this contract is void for the want of an advertisement for proposals; and if such a contract may not be made according to law, the observance of no formality could have inspired it with life. Your committee having thus subjected the contract under consideration to the test of the laws of the land, are brought irresistibly to the conclusion that there is no one of them which applies to the subject which it has not in some sense violated. Though differing, for the reasons hereuntofore submitted, with the honorable Secretary of the Treasury about the policy of such a contract, it is nevertheless important that no question of policy should be permitted to save a contract which so manifestly is contrary to law. Suppose, however, that the undersigned grant to the Secretary that the policy which, as he contends, upholds this contract, is the same which sustains the building of custom-houses, and naval and revenue vessels by contracts, is it for an instant to be entertained that such contracts are valid without advertisement for proposals, without authority of law, and without adequate appropriations?

Certainly not. Policy may be adopted as the sum of expediency, but it can never prevail against the mandate of law. But, being of the opinion that this contract is not only impolitic, but unlawful and void, the undersigned report the following resolution:

*Resolved by the Senate and House of Representatives of the United States in Congress assembled,* That the contract heretofore made and executed on the 26th day of August, 1860, by and between William N. McIntyre, John C. Mather, Francis M. Bixby, and James B. Craig, partners of the first part, and Augustus Schell, collector of the port of New York, acting for and in behalf of the United States, with the approbation of the Secretary of the Treasury, party of the second part, respecting labor and laborers to be furnished at the appraisers' stores in Broad street, New York, and wherever else from time to time said stores may be located, is an illegal contract, and the same is hereby rescinded and declared void.

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A BILL to be entitled an act to amend the sixth section of an act entitled "An act for the more effectual collection of the import duties."—Approved May 28, 1830.

*Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,* That the sixth section of the act entitled "An act for the more effectual collection of the import duties," approved May 28, 1830, be, and is hereby amended, so as to read as follows:

SECTION 6. The assistant appraisers of New York shall receive a compensation of fifteen hundred dollars per annum, and those at Boston and Philadelphia a compensation of twelve hundred dollars per annum, to be paid out of the proceeds of the customs; and the clerks and all other persons employed in the appraisers' office or stores, or other public stores, shall be appointed and employed by the principal appraisers, and their number and compensation be limited and fixed by the Secretary of the Treasury.

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*To the honorable members of the Senate and House of Representatives in Congress assembled:*

The undersigned memorialists respectfully represent that they are citizens of the United States and residents of the city of New York and its immediate vicinity, some of whom were recently employed as laborers in the public stores connected with the custom-house in said city; that on or about the first day of September last the Hon. Howell Cobb, Secretary of the Treasury, entered into an agreement with William N. McIntire, John C. Mather, and others, to provide the labor hitherto performed, under certain stipulations, and for a certain compensation.

That though this change in the existing system was on the alleged pretext of economy, no proposals were issued or notice given of such contract; but that, contrary to sound policy and the spirit, if not the letter, of the law, said privilege was conferred on the individuals named, on their solicitation, and without any competition or publicity.

That it was at the time represented that the laborers retained would continue to receive the same wages, viz : two dollars per day; but that, notwithstanding such representation, the number of laborers has been reduced from 300 to 100, or thereabouts; that, of the 100 thus nominally retained, 50, or one-half, are suspended alternately; therefore leaving but 50 men actually employed to do the labor of said stores, to the detriment of mercantile interests and the great increase of the profits of Messrs. McIntyre, Mather & Co., who virtually pay only one dollar per day to the majority of the laborers employed.

Your memorialists further represent that the public stores afforded in the city of New York the only direct employment for mere labor under the government of the United States; and this special interference with labor, and farming it out to favored politicians and lawyers, was not merely beneath the dignity of the federal government, but unjust and offensive to the working and industrial classes.

That if, under the former system, the collector of the port of New York, or the appraisers, or keepers of the public stores, refused or neglected to reduce the employés to the number actually necessary for the adequate discharge of the duty required, it afforded no justification for the change.

If the authorities named insisted on continuing more laborers than necessary, and thus conniving at a fraud upon the revenue, they should have been held accountable and punished, not the honest and industrious laborer.

Your memorialists further represent that the Hon. Howell Cobb has not attempted to effect any reform or retrenchment in other departments of the custom-house, or instituted any inquiry into the many mere sinecure offices now held by politicians—some of whom hold profitable positions under the city charter, contrary to its clearest provisions—but, on the contrary, co-operated in having the salary of many of the clerks increased 20 per cent.

Your memorialists therefore respectfully request that an inquiry may be immediately instituted into the nature, profits, and operation of said alleged private contract or agreement between the Hon. Howell Cobb and W. N. McIntire, and that the same may be immediately revoked; or that if, on examination, it may be deemed prudent and necessary to continue the contract system, opportunity be given for fair and open competition, so that, while protecting the important mercantile interests involved, the saving thus secured may enure to the benefit of the public treasury, and not to the pockets of favored speculators.

Owen Finn, 191 West street.

Patrick Murray, 180 West Twenty-fifth street.

Harris Bogert, councilman, 4th district.

John Baulch, councilman, 4th district.

Charles McCarty, councilman, 7th district.

John McConnell, councilman, 5th district.

Edward Costello, councilman.

Frank Rollwagen, jr., councilman, 5th district.

- John Hogan, councilman, 4th district.  
James Shannon, councilman, 4th district.  
Ira A. Allen, councilman, 7th district.  
Terence P. Smith, 135 Lewis street.  
John Harrington, Living's Hotel.  
Lawrence Worrall, 237 Broadway.  
Samuel B. Logan, City Hall Place.  
Charles G. F. Anderson, 91 Norfolk street.  
William Hayes, 265 Monroe street.  
George C. Genet, 123 Ninth street.  
John Duffy, Hamilton avenue, Brooklyn.  
Patrick Duffy, Hamilton avenue, Brooklyn.  
Matthew Smith, Hamilton avenue, Brooklyn.  
James Smyth, Hamilton avenue, Brooklyn.  
John Sherlock, Bergen Hill, New Jersey.  
John Ballf, Bergen Hill, New Jersey.  
John Growney, Jersey City.  
Lawrence Growney, Jersey City.  
Michael J. Mullany, 403 Greenwich street.  
James Cavenaugh, 108 Cedar street.  
James McNamara, 108 Cedar street.  
Patrick Butler, 106 Cedar street.  
Michael O'Keeffe, 6 Trinity Place.  
John O. Gorman, 108 Cedar street.  
John Smith, Twenty-eighth street.  
James Salmon, 180 West Twenty-fifth street.  
Peter Ackerman, 102 West Thirty-seventh street.  
E. Laggett Hunt, 308 Broadway.  
Robert Franklin, 153 Second street, between South Second and Williamsburg.  
Francis Baley, Hoboken.  
Thomas Reilley, Bergen, New Jersey.  
Patrick Grady, Broadway, Albany.  
John Smith, Sixty-first street.  
John Hayes, No. 180 Christopher street.  
Robert F. Cook, 147 West Twenty-sixth street.  
W. H. Martin, 444 Eighth avenue.  
James Donnelly, 508 Eighth avenue.  
W. Moore, 10 Thirty-eighth street.  
T. Hoyte, 78 New Canal street.  
Thomas O'Brian, 204 Mott street.  
H. J. Clark, 60 Sixth street.  
John Cavanagh, 46 Prince street.  
Thomas Murray, 129 Crab street.  
Patrick Henry O'Hara, 46 Prince street.  
John Kelly, 681 Ninth avenue.



*To the members of the Senate and House of Representatives in Congress assembled :*

The undersigned petitioners would most respectfully show to your honorable body that they are residents of the city of New York and vicinity, and some of whom have been recently employed in the public store attached to the custom-house of said city; that on or about the first of September last past honorable Howell Cobb, Secretary of the Treasury, did let to William N. McIntyre and others, without advertising or complying with the law in reference to calling for proposals for the same, let a contract for the working of the public stores connected with said custom-house; and that as (your petitioners are informed) one of the conditions of the said contract was that the laborers therein employed were to receive their former compensation, viz: \$2 per day, and that all the employés in said stores were to be retained, and that in violation of the terms of the said contract the number of men employed in said stores were reduced from about three hundred (300) to one hundred or thereabouts; that of the one hundred remaining at least fifty are suspended alternately; therefore, having, in fact, but fifty men employed to do the labor of said stores, to the great detriment of mercantile interest, while increasing the large profits of McIntyre and his associate contractors, who are paying only one dollar per day to the men employed.

Your petitioners would further represent, that the actual employment of men labor by the United States government in the city of New York was confined almost exclusively to those engaged as laborers in the public stores; and that to allow and assist favored politicians and lawyers to speculate on such labor is an insult to the industrious working classes and inconsistent with the dignity and character of the government of the United States. If economy was the object the contract should have been left open to fair and open competition.

Your petitioners also further represent, that they have heard and believe that there is between fifty and sixty men employed by the government who are doing the work of the contractors, and your petitioners further represent, that a large number of cartmen, watchmen, and laborers employed in said stores were discharged notwithstanding the promise of the Secretary of the Treasury that they should be retained and receive the same compensation for their services as they received previous to the contract, at an inclement season of the year when employment could not be obtained elsewhere, thereby reducing themselves and families to absolute want, all this being done under the plea of retrenchment and economy, while at the same time persons employed in the custom-house, and receiving from one to two thousand per annum, had their salaries increased twenty-five per cent., and to show your honorable body who the contractors are, and how they are connected with the collector, beg leave to state that William N. McIntyre is a most intimate friend and associate in business and otherwise to Collector Schell; James Craig was secretary to the collector, is a lawyer and a lawpartener to John

Cochran, M. C.; John C. Mather and other personal friends of the collector are the contractors; a grosser fraud was never practiced on the government of this or any other country.

Also beg leave to state that all the men employed at the time McIntyre got the contract except about ten were discharged, eleven of the watchmen and all the cartmen, as the contractors have their own carts, notwithstanding the promise of Secretary Cobb they would be retained, and that the contractors agreed with him to do so.

Your petitioners would further represent that the present contract system is identical with a similar system introduced some fifteen years ago and proved a failure, which as your petitioners believe and expect this will prove also a failure, and all at the expense of the government.

Your petitioners therefore most respectfully pray that your honorable body will appoint a special committee to investigate into the management of the custom-house, bonded warehouse, public store, general order store, and revenue department of this city, and that facts heretofore stated may be fully investigated, and that persons and papers be examined, and your petitioners as in duty bound will ever pray.

C. B. Woodruff, marshal 3d district.

Richard Barry, alderman 2d district.

John H. Brady, alderman 5th district.

P. G. Maloney.

Thomas Jones, jr., 16 Wall street.

Patrick Cuff, 306 Eighth avenue, liquor merchant.

Adolphus Shliger, 302 Eighth avenue.

Jeremiah Taylor, 300 Eighth avenue, coal merchant.

James H. Reilly, 252 west 25th street.

Alexander Smith, 16 Wall street, room 12.

Samuel C. Coburn, 8 Wall street.

George W. Gatman, 16 Wall street.

Richard Banfield, 120 Clinton street.

William McKinney, 22 Suffolk street.

Mandred A. Morton, 160 West 36th street.

Charles R. Fredericks, 12 Beach place, Brooklyn.

Thomas D. Conroy, 44 Centre street.

Ira A. Libbey, 58 Warren street.

William O'Connor, 23 Prince street.

James I. Delaney, 335 Broadway.

R. B. Bradford, alderman, 70 West 42d street.

Isaac Lawrence, 70 West 42d street.

Edward Timpson, 185 West 48th street.

J. C. Burnham, 79th street and Broadway.

Peter Halpin, 94 West 17th street.

Charles A. May, 171 West Twenty-sixth street.

Gustavus A. Newman, Eighty-second street.

John Baker, councilman 6th district.

Arthur Mooty, 100 West Twenty-fifth street.

Michael Brennan, Rockaway, Long Island.

- William R. Connor, 246 Eighth avenue.  
 Charles Saunders, Ninth avenue.  
 John Scott, Hicks street, Brooklyn.  
 C. W. Smythe, M. D., 250 Seventh avenue.  
 Michael Halpin, 242 Ninth avenue.  
 Patrick Boylan, 137 East Thirty-sixth street.  
 James Plunkett, 1227 Broadway.  
 John McKain, 194 Seventh avenue.  
 C. S. Spencer, 49 London terrace.  
 Isaac Dayton, 319 Twenty-fourth street.  
 George H. Penser, 5 Tryon row.  
 Peter Dolan, Twenty-fourth street, 7th avenue.  
 Henry Anderson, M. D., 190 Adelphi street, Brooklyn.  
 J. Daggett Hunt, 348 Broadway.  
 William J. A. McGrath, 58 West Twenty-eighth street.  
 John Kennedy, Thirty-fifth street and Broadway.  
 William McConkey, 348 Tenth avenue.  
 W. V. Robinson, 219 West Thirty-second street.  
 John E. Develin, 53 Liberty street.  
 William C. Croser, member of assembly, 9th district.  
 John Russell, alderman 8th district.  
 John D. McGregor, 1 Tryon row.  
 Francis M. Barron, 133 West Forty-ninth street.  
 Moses Hunt, 61 Downing street.  
 George Merritt, 167 West Twentieth street.  
 James Smith, 125 Mott street.  
 William J. Peck, alderman 11th district.  
 William Meyer, 19 State street.  
 James Bagley, alderman 4th district.  
 Charles G. Connell, alderman 10th district.  
 George Mountjoy, East Fifty-second street, between 2d and 3d  
 avenue.  
 John Peckford, jr., 6 Lewis street.  
 C. H. Mincken, 140 West Twenty-sixth street.  
 George Starr, alderman 7th district.  
 James Kelley, 508 Eighth avenue.  
 G. Dean, 163 Madison avenue.  
 A. V. Stout, 118 Madison avenue.  
 Charles K. Graham, 265 6th avenue.  
 Douglas Taylor, 179 West Thirty-seventh street.  
 Henry Smith, alderman 1st district.  
 John A. Bagley, 17 Nassau street.  
 John Harrison Brewer, 157 Sullivan street.  
 Alfred Powell, M. D., 154 2d avenue.  
 Ernst Berekmann, 95 Rivington street.  
 Bernard Caffery, 299 Spring street.  
 John Caffery, 44 Centre street.  
 John McGowen, 33 Centre street.  
 James Masterson, Fifty-fourth street.

Bernard Comaskey, 242 West Fifty-first street.  
 Edward Cavanaugh, 46 Pine street.  
 F. J. Scollon, 74 Lexington street.  
 Peter Huger, 7 Catharine street.  
 Cornelius Gavin, 26 Clarke street.  
 Philip Farrelly, 111 Sullivan street.  
 Thomas Garrigan, 111 Sullivan street.  
 Edward Smith, 111 Sullivan street.  
 John Caffrey, 299 Spring street.  
 James S. Kelly, 200 Varick street.  
 Patrick Caffery, 26 Clarke street.  
 Stephen Henry, 64 Gold street.  
 P. Murray, 180 West Twenty-fifth street.  
 Thomas Butler, 191 West Twenty-fifth street.  
 Michael Ryan, 180 West Twenty-fifth street.  
 James Sheeran, 180 West Twenty-fifth street.  
 John Moore, 109 West Twenty-sixth street.  
 Martin Flinn, 103 Second street.  
 Joseph Flinn, 103 Second street.  
 Richard Flinn, 103 Second street.  
 Patrick Farrelly, 250 West Fiftieth street.  
 Michael Gavin, 10 Fifty-third street.  
 William Gilsner, 25 West Fifty-third street.  
 John Smith, 111 Sullivan street.

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*To the honorable the Senate and House of Representatives of the United States:*

The undersigned, citizens of New York and Brooklyn, would respectfully state that, from information received from high authority, they have good reason to believe that there are now persons holding high and lucrative places of trust in the New York custom-house, who are in the habit of committing acts of speculation alike injurious to the treasury and merchant.

They would therefore petition your honorable body to cause a committee to be appointed to investigate the financial management of the said New York custom-house, and that merchants, brokers, and functionaries, may be examined relative to the same.

Isaac Nichols, Brooklyn, Myrtle avenue, near Skillman street.  
 Griffin S. Flagler, hatter, 721 Eighth avenue, New York.  
 O. K. Sammis, M. D., 98 Middagh street.  
 L. Wintertom, chemist, Myrtle avenue.  
 James H. Rooney, M. D. and surgeon, Myrtle avenue, Brooklyn.  
 Thomas Fitzsimons, chairman of democratic committee, Myrtle avenue, Brooklyn.  
 W. H. Cowenhover, counsellor, &c., Brooklyn.  
 Patrick O'Hara, 23 York street, Brooklyn.

Francis Flood, carpenter, corner of Hunter and Fulton avenue, Brooklyn.

Michael McNamara, 23 Stewart street, Brooklyn.

Patrick Donoho, 76 Main street, Brooklyn.

Dennis O'Connors, 65 Main street.

John Martin, 61 Main street.

Cornelius Dullihinty, 55 Main street.

Patrick Dolohunt, 57 Main street.

David Murphy, 203 Jay street.

James McGinnis, 18 York street.

Patrick Kelly, 216 Pearl street.

George C. Brown, 190 Wykoff street.

James McName, Mansion House, Hick street, Brooklyn.

Christopher Byrne, 118 Gover street.

F. H. Dolch, grocer, corner of Fulton and Park avenue, Brooklyn.

Frank Stonebreaker, cutter, 29 Cortland street, New York.

Charles McCleary, rope maker, Graham street, Brooklyn.

Felix Collins, rope maker, Graham street, Brooklyn.

Thomas Mulheren, blacksmith, Graham street, Brooklyn.

John Turley, rope maker, Graham street, Brooklyn.

William H. Stoothoff, 216 Navy street, Brooklyn, and employé on the Long Island railroad.

Bernard Riley, hotel keeper, Myrtle avenue, Brooklyn.

H. L. W. Schieffelin, 40 Kent avenue, Brooklyn.

James White, Myrtle avenue near Grand, painter.

Michael Flood, Grand avenue and corner Myrtle avenue, Brooklyn.

Thomas V. Prestidge, 15 Graham street, Brooklyn.

John Dolan, No. 4 Davis Place, New York.

John T. O'Flynn, general commission agent, 77 Nassau street, New York.

F. McClosky, Hamilton street, Brooklyn.

John C. Schnible, refreshment, 31 John street, New York.

James Gerraty, grocer, 171 Tillery street, Brooklyn.

P. H. Malone, 71 James street, New York.

John Crothers, merchant tailor, 90 Chatham, New York.

James Caldwell, corner of James and Oak streets, liquor merchant, New York.

John McNeill, seamen's boarding-house keeper, 104 Oliver street, New York.

James Conway, bricklayer, Skillman street, Brooklyn.

Matthew Farrell, carpenter, Kent avenue, East Brooklyn.

Peter Murphy, music printer, Sandford street, East Brooklyn.

John Brady, mason, Sandford street, Brooklyn.

John Fitzsimon, Franklin avenue, house carpenter.

William Strepoole, No. 141 East Thirty-sixth street, New York.

Richard Steele, cordwainer, 36th street, New York.

Patrick Rafferty, shoemaker, 273 Thirty-ninth street, New York.

P. Burus, Taylor street and Kent avenue, Brooklyn.

R. H. Fitchett, Leroy street, gas-fitter, Brooklyn.



Michael Reilly	E. H. Loaner
Edward Langstaff	Thomas Williams
Ellis McNoe	David Kerrigan
William Julian	Peter T. Boyle
Charles M. Julian	L. J. McGurn
James W. Clark	Michael McGuire
Stephen S. Simpson	Michael McAvoy
William Burke	Michael McNamara, 23 York st., Brooklyn
James S. Kirk	John Shanley, 16 Little street, Brooklyn
Edward McNamara	Patrick Carberry, grocer, corner of Tillery and Navy streets, Brooklyn
John W. Harstand	John Finigan, grocer, 10th street, New York
Dennis Flannery	John Mulvihill, tavern-keeper, 288 Bowery, New York
Michael Flannery	Bernard Mulvihill, liquor mer- chant, 176 Avenue B
Daniel Flannery	Joseph Hanlan, corner of Lexing- ton and 37th street
John Jarvis	David W. Gregory, 242 Ninth street, New York
John O'Reilly	Richard Daley, importer of li- quors, corner of Thirty-third street and First avenue, N. Y.
George Reese	David Jackson, chemist, 77 Fur- man street, Brooklyn
Alonzo Higby	Alexander Savage, Eutaw street, Brooklyn.
Henry Knehel	
Richard Sandlanes	
William Rue	
John H. Esdach	
David Kilgour, jr.	
Edwin F. Gardner	
James H. Greshman	
Laughlin Tyman	
John Mahony	
George H. Blatchford	
William L. Roy, LLD.	
Patrick Shaughnesy	
Fred. Smith	
William Gillen, Franklin avenue, Brooklyn	

THURSDAY, *May* 10, 1860.

The committee met at 10 o'clock a. m. Present: Messrs. Irvine, Verree, Garnett, and Mr. Chairman.

GEORGE H. PURSER sworn:

Questions by the CHAIRMAN.

Question. Where do you reside?

Answer. In the city of New York.

Question. What is your business?

Answer. I am an attorney-at-law.

Question. Have you been acting as attorney for the corporation of New York for the last three or four years?

Answer. I have.

Question. Are you acquainted with the business in public store No. 12 Broad street, New York?

Answer. Partially so.

Question. Do you know the nature of the work that is contracted for there?

Answer. I have read the contract.

Question. What goods are sent there, and what are they sent there for?

Answer. They are sent there for examination by the appraisers, generally, and for some other purposes, I presume, occasionally.

Question. Are the goods sent there taken from the ships to be examined by the head appraisers?

Answer. Yes, sir.

Question. Did you know anything about this contract when it was first given out?

Answer. I knew that it was talked of—that application was made for a contract—and I heard that it was in progress. I had no official knowledge of the fact, and no knowledge at all except by rumor.

Question. There was no public knowledge of it?

Answer. There was no official opportunity of knowing it by order of the department.

Question. There was no chance, that you know of, for any person to bid lower for this contract?

Answer. There was no official invitation for proposals.

Question. Have you looked over the report of Secretary Cobb, in answer to a resolution of the House on the subject?

Answer. I have.

Question. Does this answer of the Secretary conform to all the facts, as they were within your knowledge?

Answer. It is not for me to speak of it, except so far as the reasons he alleges. I agree, of course, with many of the views he takes upon the subject. He says that this contract is not a contract for the performance of any official public duty. The contract most specifically designates what that duty is. It is to receive, to transfer, to examine, to open, to repack, and to deliver these goods, under the superintendence of others. Actually, it is done by the contractors, and, as proof of it, they are made responsible for anything that is missing or lost. I merely suggest, in passing, that the duty is, in fact, an official duty—a public duty; that much responsibility is involved; that it is something more than mere manual labor. In regard to the second view taken by Mr. Cobb, I have nothing to say. In relation to these contracts being let to the lowest bidder, his view is stated very strongly, but does not meet exactly the view taken by those who are protesting against this contract. They do not ask that the contract shall be let to the lowest bidder, but that certain individuals should not be selected as the only bidders allowed to compete. They hold that a public officer is a public agent, and is bound to see whether the prices are such as will be fair and reasonable; that he should go to ask A and B, if he had a building to construct at the expense of others, see what they would do the work for, and compare their propositions with the price other honorable men would do it for. It does not follow necessarily that he should let it to the

lowest bidder; but he should give the opportunity of a fair and honorable competition. We object to it on the ground that virtually no competition has been allowed. The only parties selected to make proposals were those who have been already connected with official business of the government, which has been the cause of congressional inquiry and investigation, and that alone might have put them on their guard as public officers of the government and of the city.

Question. These goods that are sent to this public store are goods picked out of invoices taken there to be appraised by the appraisers, and to be returned to their owners; they are not goods to be warehoused or stored there. Do you know that to be a fact?

Answer. Such goods are not stored there. I think certain seized goods are kept there, and goods as to which there is some question under the revenue laws.

Question. These stores, No. 12 Broad street, New York, are known as appraisers' stores?

Answer. Yes, sir. The appraisers do not go round to the different public stores to examine these goods, but the goods required to be examined and appraised are sent there specially because there appraisers are always to be found.

Question. Have you any doubt but what this contract might have been done for a good deal less than the sum specified in it?

Answer. I have no possible doubt upon that subject. For the purpose of bringing the matter to a test, I myself proffered to do it for a less sum; and others have offered to do it for less. We held that the rule of mutual confidence existing between the collector and an individual cannot justify the making or continuance of a contract against the public interest. It is contemplated, I believe, to continue the contract for five years to the parties to whom it was given, without any opportunity having been allowed for competition.

#### Questions by Mr. VERREE:

Question. Does the contract specify any time?

Answer. The Secretary reserved the power to abrogate it within six months, which period expires in September next, I believe; but if it is not terminated within that time, it is then to continue for the time specified in the contract, which I believe is three years instead of five, as I mentioned a moment ago. I would respectfully draw the attention of the committee to page 5 of this report, wherein it speaks of the expenses connected with the carting of these goods, the obligation resting upon the contractors to furnish carts and cartmen for the transfer or delivery of the goods, the expenses of such transfer being chargeable upon the goods so delivered or transferred. I also call your attention to another clause in this contract on page 6 of this report, which authorizes the collector to charge the expenses of such transfer and delivery on the owners of the goods, because you will find in the calculation of the expenses on page 16, and also in the letter of Mr. Schell, that they state the total expenses of doing this work at the sum mentioned in the contract, which is \$123,000; it was origi-

nally \$137,000, but afterwards reduced to \$123,000; you will find, I say, on page 16, and in the estimate made by the auditor of the collector of New York, that the amount paid for cartage, or the expenses of cartage for the year ending June 30, 1859, are \$48,370 75, but while they add that expense of cartage as being an ingredient of the expenses of the previous year, they do not add it to the contract price now existing, although it really and virtually goes into the hands of the contractors, consequently there is a mistake of \$48,000 in this statement, as I understand it. It may be susceptible of some full or partial explanation; I only draw the attention of the committee to the fact.

Question. Do the merchants themselves pay the cartage on the goods sent from vessels to the public store, and again returned to the owners?

Answer. You will see this contract is one which gives a special advantage in connexion with furnishing horses and carts. The contract is not valuable only on its face in what it pays to the contractors, but it is also valuable in the privilege it gives them of purchasing horses and carts, and hiring cartmen to take these goods backwards and forwards. Mr. Schell, in his statement, makes the deduction, which is the proper sum in the expenses of cartage, of \$89,387 41 as the amount saved on contract. We have presented an offer to the government to do this work, and I presume others have done the same, not for the purpose of embarrassment to the government, but in order that there may be an opportunity of reasonable competition. We think it can be done for from twenty-five to thirty per cent. less than the present prices, with contractors equally responsible, certainly personally more responsible, and with equally good securities.

#### Questions by Mr. GARNETT:

Question. You, yourself, made such an offer?

Answer. I did.

Question. Before this contract was given?

Answer. Before it was renewed. It was liable to termination in March last.

Question. In the petition before me it is alleged, as one of the disadvantages attending this contract, that laborers received \$2 a day before the contract was made, while the contractors now pay only \$1 a day, and that before the contract was made some three hundred laborers were employed, while now there are only about one hundred, or really only fifty. Would you propose, if you had the contract, to employ a larger number, and pay them \$2 a day.

Answer. No, sir. I should employ only the number necessary. I do not represent all the views of that petition. I signed it, but it does not contain the only and principal grounds of my objection. I will state, however, that formerly the number of laborers on their pay-roll was larger than that actually employed daily. They were

paid nominally \$2 a day, but occasionally suspended two or three in the week. This practice, I understand, is changed.

Question. I understand that you do not object to the contract system—you only object to the way in which the contract was given?

Answer. I think if economy was the object for which the system was changed, that economy ought to be carried out. I think this contract system is calculated to save money for the public treasury, and afford facilities to the mercantile community under the existing management of public affairs in the city; but if that object can be obtained in a greater degree than by letting contracts privately to favorites, it ought to be done.

Question. Do you consider the contract system as a better one than the system previously existing?

Answer. That I am not prepared to say, except this far: the old system was under the special care and management of the collector and appraisers; they were responsible for it then, as they assume in Mr. Cobb's communication to be responsible for it now, for he says that the contractors only do the labor, the management still being vested in the same offices. Now, if under the old system the appraisers did not receive and deliver with the readiness with which they ought, they ought to be censured and dismissed.

Question. One of the grounds of complaint alleged in the petition is, that the contract system itself is wrong, and the other that the contract system has not been fairly carried out. I understand you to represent the latter class of complainants?

Answer. Yes, sir; whatever my views may be upon the other objection, I do not present them to you.

Question. Do you think the contract system one likely to be more economical than the old system?

Answer. Under inefficient men and politicians, I think the contract system would be better than the old one; but under faithful officers I think the old system would be better.

Question. Do you think that the New York custom-house officers and appraisers will ever be other than politicians?

Answer. I think it is very doubtful; but the contractors are just as much so.

Question. Then, under all the circumstances, you think the other system better than the contract system?

Answer. I think it would be better if it should be properly administered.

Question. Under the circumstances, which do you think would be best administered, and best for the government?

Answer. I am not prepared to state; I have never looked into the matter with that view, and I have not that intimate knowledge of it which would enable me to judge correctly.

Questions by the CHAIRMAN:

Question. Do you not believe that the head appraisers, if they controlled the work, would be as economical as these contractors are, and more so?



Answer. I do; I think that men having such important powers and duties to perform as these contractors have, connected with the receipt, delivery, opening, and re-packing of goods, being desirous, as they would naturally be, to make all the money out of the contract they could, would not be as safe custodians as the appraisers themselves would be.

Question. That is not the point. The goods that are sent to these stores are sent for the purpose of having the appraisers put a value on them, so that the collector may fix the duty on them; therefore, ought they not to be under the control and management of these appraisers all the time? Now, suppose an invoice of a bale of goods was sent to this public store, under the control of these contractors, McIntire, Mather & Co., might they not be changed before they came into the hands of the appraisers?

Answer. It occurs to me that, inasmuch, in the city of New York, the largest amount of revenue is collected, and since a great difference in the amount of revenue must arise, from the fact of the appraisal and exhibition of these goods, as the revenue may be seriously reduced by a concealment of the value of the goods, that it is extremely important that all connected with such a department should have but one fealty and responsibility, and that to the government itself. There should be no possibility of a different interest existing and being fostered in the public stores which might conceal the value of goods.

Question. Do you know what offers were made for this contract with the exception of your own?

Answer. There were three I think sent to the Covode committee. I can only speak from knowledge of my own proposal. I will state that at that time, although we had made frequent applications, we could never get a copy of the contract, although it had existed for months and months; frequent applications were made by ourselves and friends.

#### Questions by Mr. IRVINE :

Question. You did not know then what was the price named in the contract until after you had made your offer?

Answer. I had heard a general rumor that it was in the neighborhood of \$150,000, but we could get no copy of the contract and therefore could not know officially.

Question. To whom did you make application?

Answer. To Secretary Cobb. I will state that my offer was twelve per cent. less than the contract price. If I had known what that price was when I made my application, I should have made it twenty-five per cent. less, at least.

Question. Will you state upon what basis you fixed the amount in your application?

Answer. Upon the number of laborers employed, I knew there were fifty or sixty laborers needed. I am a responsible man myself, I have money to lose, and I would not have made a contract but upon a careful analysis of the cost. I took into consideration the number of

laborers employed, and the compensation given them, with the probable amount of incidental expenses. After I made the calculation I found they were allowed the facility of introducing horse power to do a portion of the work. I also ascertained the probable profit under this cartage system, and upon the whole calculation I came to the conclusion that the twelve per cent. reduction on the contract price was not sufficient. I am now satisfied that I could have done it for twenty-five or twenty-eight per cent. less.

Question. In making your calculation did you base it upon the amount of labor employed under the old system.

Answer. No, sir ; I based it upon the new system. I had not the statistics of the old system.

#### Questions by Mr. GARNETT:

Question. Where did you obtain your statistics under the new system?

Answer. From parties laboring in the public stores, and from other reliable sources.

Question. Did you make application to Mr. Cobb for a copy of the contract in person or in writing?

Answer. Applications were made by my friends. Even a member of Congress could not procure a copy of it. I believe the chairman of this committee made efforts to obtain it without success. I never saw the contract until after it was printed under direction of Congress.

G. H. PURSER.

The committee adjourned until to-morrow at 10 o'clock a. m.

FRIDAY, *May* 11, 1860.

The committee met at ten o'clock a. m. Present: Messrs. Irvine, Verree, and the Chairman.

Examination of G. H. PURSER continued.

#### Questions by Mr. IRVINE:

Question. You stated yesterday that you had made a proposition for doing the work under this contract at twelve per cent. less than the contract price. Did you at that time know what the contract price was between the collector and these parties?

Answer. I did not. I had a general understanding that it was about \$140,000 or \$150,000, and I did not know then what I have learned since in regard to the increased value of the contract.

Question. Were there any parties united with you in the proposition you made to the Secretary ; or if not in that proposition, in any proposition to be made?

Answer. There was no one. I should have associated myself with others, however, if I had succeeded in obtaining the contract.

Question. Was there any arrangement to do so provided your proposition was accepted?

Answer. No, sir.

Question. When did you first learn what the amount of this stipulated price was?

Answer. About two weeks ago, after the printing of this report of the Secretary.

Question. Have you ever had any experience in any of the public stores of New York?

Answer. Some little. I was in the mercantile business some time since, and from my visits there I have some knowledge in reference to them.

Question. How many years ago?

Answer. I suppose I was in the mercantile business from 1830 to 1845.

Question. Warehousing was not then what it is now, was it?

Answer. This is not warehousing. This is, as stated by Mr. Cobb, strictly a matter of labor. He says there is no official or public responsibility thrown upon the contractors, and therefore it would not require on their part any especial knowledge of the mode of transacting business, the direction of such work being vested in officers of the customs.

Question. Do you know anything about the appraisers' department—as to what constitutes the duties of the appraisers?

Answer. Nothing except having had legal business in regard to the revenue laws. I have occasionally been before the department here in regard to different articles.

Question. Then you would not be able to give us any general statement in relation to what constitutes properly the department assigned to the appraisers and the clerks under them?

Answer. Their duties are most strictly confined to what their names indicate.

Question. That of appraisers, clerks, and samplers?

Answer. Yes, sir, those names comprise their whole duties, with the exception that they sometimes attach their signatures to the passage of goods through the customs, which they do, probably, without being considered in the capacity of actual appraiser; but it is incident to their regular duties.

Question. Do the goods in the stores on Broad street require to be removed to other public stores before delivery to the consignees?

Answer. Not all of them.

Question. Are any of them?

Answer. I have seen goods there to be appraised which, after being appraised, have been taken to other public stores, which are more convenient for delivery to the consignees, after the duties have been paid.

Question. How many such stores are there?

Answer. I do not know the number.

Question (by the Chairman.) Do you mean public stores or bonded warehouses?

Answer. I may be little confused in regard to the distinction, but I suppose all these stores for the reception of goods, under the control of the government, to which goods are sent, are properly called public stores. I am not able to designate the number aside from these in Broad street.

Question. Are there several of them?

Answer. There are several others, besides those in Broad street, which are designated appraisers' stores. I think they are referred to in this report.

Question. But the goods all have to go through the Broad street store to be sampled and appraised?

Answer. The goods do not all go through that store, the samples of most of the goods for appraisal, however, do go there. The goods are deposited in the different stores, under the regulation of the custom-house department.

Question. They never examine the goods for appraisal except by samples?

Answer. Not unless there is some suspicion of cheating.

Question. What I wish to ascertain is whether the Broad street stores receive goods to be retained as the other stores do?

Answer. No, sir; they are sent then only to be sampled and appraised.

Question. Do you know anything about the responsibility of these contractors personally?

Answer. That is a somewhat delicate question for me to answer. I know I have had the notes of some of them offered me at very great discount, which I have refused to take.

Question. Which of them do you refer to?

Answer. I would really rather not answer questions affecting the pecuniary responsibility of gentlemen unless you consider it important to your inquiry.

Mr. IRVINE. We consider it important that the government should employ persons of character and responsibility.

WITNESS. Men may be unfortunate without being criminal, and their securities may make them responsible.

Question. Are the sureties of these parties responsible men?

Answer. I never heard of them, but I presume they are responsible; the collector would not venture to take them unless he was satisfied of the fact.

Question. Are you acquainted with the memorialists who present their petition here?

Answer. I know some of them.

Question. Do you know James O'Reilly?

Answer. I do.

Question. Who is he?

Answer. I think he was formerly employed in one of the public stores.

Question. What is he doing now?

Answer. I think he is in the health department, but I am not certain.

Question. What was his business when he was employed under the custom-house?

Answer. He was employed as a laborer, I think.

Question. Do you know any of the others in this list, [one of the memorials?]

Answer. I know a good many.

Question. To what class of persons do they generally belong?

Answer. A number of them are laborers, I should think.

Question. Any politicians?

Answer. There may be, but I do not know them as such.

Question. Do you recognize any prominent business men or politicians in this district? [submitting another.]

Answer. No, sir; I see in the list, however, several very respectable people.

Question. As business men?

Answer. Yes; I see here members of the common council and legislature; I see Mr. Genet, the corporation attorney of the city of New York, and I see others.

Question. Who is Michael Brannon, of Rockaway, Long Island?

Answer. I do not know.

Question. Do you see any names on this list [another memorial] connected with government contracts?

Answer. I do not recognize a majority of these names; I recognize some as business men, some as politicians, and some as strangers.

Question. You do not see any connected with government contracts, or who have had any connexion with this contract?

Answer. I do not see any such; I see several of very estimable reputation, republicans as well as democrats, members of the assembly, present and ex-members, and lawyers; I do not recollect any here connected with any government contract; I see here a government officer, the engineer of the navy yard, Brooklyn; I see also the president of some bank, one of the largest banks in the city of New York.

Question. What bank?

Answer. The Shoe and Leather Bank.

Question. Are the parties to this compact connected with any other government contract that you know?

Answer. Two of the parties to this contract have been connected with the purchase of land for the use of the government at Willett's Point and in some other locality, apparently as agents, which has already been the subject of congressional investigation.

Question. Which of them do you refer to?

Answer. I refer to Mather and Bixby.

Question. Were they the agents of government in making the purchase?

Answer. No, sir, in buying the land; but in contracting for the land originally, which passed into the hands of somebody else, and finally into the government.

Question. Then they were connected as original purchasers?

Answer. They were connected with purchases of land which passed



into the hands of the government out of which very large profits were made.

Question. They purchased to sell to the government?

Answer. Yes, sir.

Question. During the present administration?

Answer. Yes, sir.

Question. Do you know of their having connexion with any other government contracts aside from this?

Answer. I do not know positively; I believe that McIntire rented some buildings in New York which were accepted by the collector as bonded warehouses; whether these have been thrown up or not I do not know; I do not speak from any personal or actual knowledge in reference to the matter.

Question. Do you know whether, at or before the time this contract was consummated with the Secretary of the Treasury, there were any other parties in treaty for the contract in connexion with these men or otherwise?

Answer. I have been informed that there were two parties contending for this contract.

Question. Before it was consummated?

Answer. Before it was given out; they united their forces, however, and became friendly allies and sharers in the benefit.

Question. How do you mean two parties?

Answer. For instance, suppose that Mr. Craig with another was one party seeking the contract, and that Mr. McIntire with another was also looking for the contract, they did, as will men often do under like circumstances, they joined in the contract.

Question. Do you know who these parties were?

Answer. I presume very nearly as I have put them hypothetically.

Question. Do you know who these other parties were?

Answer. I do not.

Question. Do you know whether any parties were crowded out?

Answer. I do not; I suppose, however, that both parties crowded out some of their friends; that is usually the case.

Question. There is nothing, as I understand you, in this petition [one of the printed memorials] which you urge as a ground of complaint in connexion with this contract?

Answer. There are grounds of complaint; I urge the first clause, that no notice was given and no opportunity of opening it to competition.

Question. Is there any other grievance you complain of?

Answer. The second clause in the petition states the fact that by a provision in the original contract it was required that the payment of the laborers should be the same as before. They evaded that provision for some time by keeping a large number of laborers at nominally \$2 a day; but suspending their pay for one half the days in every week, so that they were paid \$6 a week only instead of \$12. The next objection which I believe well taken is to the farming out of the contract to favorite politicians and others; and again the contract evidently contemplated that only laborers should be employed, yet they have

employed horses, which was probably their right, but evidently not designed. There is a provision in the contract that the contractors shall be liable for any loss or damage by reason of the unfaithfulness or negligence of the persons themselves, or the persons employed by them. Under that provision, if they are allowed to employ horses, I suppose they would be liable for the negligence and inattention of the horses as well as the men.

Question. I am requested by the chairman to ask you whether any of these parties is charged with criminal conduct by indictment or otherwise?

Answer. One of these parties is under indictment.

Question. Indictment for what?

Answer. For an offence which I believe is felony or at least renders him liable to four or five years in the penitentiary.

Question. What is the offence?

Answer. The offence was offering money to a representative in the common council to do a certain thing.

Question. In what connexion was the offer made?

Answer. It was in connexion with the appointment of a man as the head of the croton board who had been nominated by Fernando Wood, but who failed to get the constitutional vote necessary to confirm the nomination.

Question. Who was the man put in nomination?

Answer. Mr. Tucker, who was formerly secretary of State.

Question. Gideon J. Tucker?

Answer. Yes, sir.

Question. Who were the applicants besides him?

Answer. The applicants I presume were innumerable, several were nominated and rejected. The quality of those nominated improved always with the certainty that they would be rejected by the common council.

Question. Then they were nominated with the knowledge that they would not be approved?

Answer. Yes, sir; and therefore the mayor could afford to nominate reputable men.

Question. Who was the alderman to whom it is alleged the attempted bribery was made?

Answer. It is alleged that money was offered to Mr. Brady, an alderman and a republican.

Question. When was the indictment found?

Answer. I am only speaking from information; I understood it was found about three weeks ago.

Question. When was this bribe alleged to have been offered?

Answer. About two months ago, I think, or two and a half; it was about the time this nomination was made.

Question. Do you know on whose complaint the indictment was found?

Answer. I have not the slightest idea; it was the duty of the grand jury to institute the inquiry.

Question. By whose agency was it alleged that the bribe was tendered?

Answer. Personally by Mr. McIntire to Mr. Brady.

Question. How much was offered him?

Answer. I think it was somewhere about \$1,000.

Question. What was Mr. McIntire's business before he engaged in this contract?

Answer. He was formerly—but a long time before this contract was made—in the hardware business; I believe he was connected with a newspaper.

Question. I understand you that the collector is satisfied with the parties to the contract?

Answer. I believe they are all satisfied.

Question. Do you know how it is with the other government officials in New York?

Answer. I have no reason to believe, except from the statement published in this report of Mr. Birdsell and the appraisers. The appraisers consider it an improvement on the previous practice, which they did not approve of, inasmuch as the appointment had been made by the collector, while before that time they themselves had perfect control over the labor, and it was then done for a much less sum; it will appear from the record, I think, that the expenses were greatly increased after Mr. Schell and previous collectors took the control of the matter, and that the increase of the expenses constituted the ground of the reform.

#### Questions by the CHAIRMAN:

Question. Do you know anybody connected with this contract except the names published?

Answer. I do not.

Question. Will you state any other matter connected with this inquiry which it may be important for this committee to know?

Answer. In relation to the economy of this contract, the Secretary of the Treasury says, on page 1 of his communication, that the expense has been reduced \$89,387 41. The collector, on page 12, says that the contract was made for the performance of "the labor, cartage, and the payment of incidental expenses," and that the whole amount of the expenses per contract is \$123,000, the same as stated by the Secretary. The contract, on page 4, provides for the payment of the sum of \$137,000 in weekly payments, which was by a separate agreement reduced to \$123,000 per annum. On page 5 the contract speaks of the authority of the contractors to furnish cart and cartmen for the transfer and delivery of goods, the expense of such transfer being chargeable on the owners of the goods. A succeeding covenant, on page 6, provides that "the sums so collected from the consignees or owners by the collector *for labor and cartage* shall be paid to the contractors on the last day of each week. It is apparent, therefore, from the express stipulations and covenants of the contract, that a compensation to the contractors is provided beyond the sum of \$123,000. But there is nothing in the communication of the Secre-

tary of the Treasury, or in any other document, which shows the amount of that sum, or furnishes a basis on which to form a correct calculation of the total value of the contract which is the subject of the investigation of this committee. I would simply say further that it is not contended that the contract should be given to the lowest bidder, but it is contended that it ought not to be given to the highest bidder. We believe that it ought to have been given only on diligent opportunity having been sought to ascertain how low the work in question could have been performed by persons of character and responsibility.

Question (by Mr. VERREE.) I understand you to say, then, that that contract and the communication of the Secretary of the Treasury do not furnish the means of ascertaining the actual amount paid to these contractors, that it may have been \$125,000 and it may have been \$250,000.

Answer. It is utterly impossible to tell how much is derived from the contract, because there is no statement of the amount chargeable to the consignees for the transfer and delivery of the goods, which is payable to the contractor.

G. H. PURSER.

The committee adjourned until 10 o'clock to-morrow morning.

MAY 16, 1860.

WILLIAM. M. TWEED sworn.

Questions by the CHAIRMAN :

Question. Where do you reside?

Answer. In the city of New York.

Question. What is your business?

Answer. I am one of the present supervisors there.

Question. Tell us what you may know about this contract.

Answer. The most that I know in regard to it is, that there was no fair competition for it; there were various parties who stood ready to bid for it if competition had been admitted.

Question. Do you know enough about the stores to say, after looking over the contract, that you could have done it for less than the price there named?

Answer. From information I had from parties connected with government, I would have done it for less.

Question. How much less?

Answer. I would be willing to take the contract at \$100,000, as it now stands.

Question. You have been in the habit of visiting the stores more or less?

Answer. For 7 or 8 years.

Question. What do you think of the working of the present system as compared with the former?

Answer. I have no doubt that private interests are as well protected now as they were under the workings of the former system immediately preceding the present. For a while it worked very badly, as the appraisers were not allowed to appoint their own samplers and

openers, and everybody was complaining. Matters are working more smoothly now.

Question. Will you look at these petitions and see whether you know any names among them?

Answer. On this petition headed "Owen Finn," I see names that I know. Mr. Bogert I know; Mr. John Binilch is a business man; Mr. McConnell is a council man and printer; Terence P. Smith I know as connected with the city government; Lawrence Worrall is deputy clerk in the corporation attorney's office; George C. Gerret is corporation counsel. These gentlemen are all men of standing and intelligence.

Question. Those on the list that you know—are they respectable business men, working men, and mechanics?

Answer. They are men who would be apt to know what they were doing.

Question. They are not small politicians?

Answer. They are business men, all that I know; George C. Gerret is a very able lawyer.

By Mr. HARRIS :

Question. Pat Duffy, on this list, is he a business man?

Answer. I do not know him.

By Mr. BARR :

Question. Look at this petition headed "C. B. Woodruff."

Answer. C. B. Woodruff I know was a member of the assembly; John H. Brady was a republican member of the House of Representatives of Alabama, and is a stair-case maker; P. G. Maloney, late almshouse governor; Thomas Jones, jr., former member of the assembly and now connected with an insurance journal; Dr. Bradford I know; Ira A. Libbey is a hotel-keeper on Warren street; Charles A. May is a lawyer; Patrick Boylen is a very wealthy man, and builds a great number of tenement houses; Charles S. Spencer is a lawyer, and was formerly a republican member of the assembly; Isaac Dayton ran on the republican ticket last fall for judge; George H. Purser was formerly corporation attorney; William E. Robinson is a lawyer, and so is John E. Devlin; John Russell is a carman and alderman in the 8th district; William J. Peck is a very heavy dealer in builders' materials, and is now president of the board of aldermen; A. J. Stout was formerly city chamberlain; Charles Graham is engineer in the navy yard.

By Mr. HARRIS :

Question. Suppose that you look over the list, as there are a great many names on it, and speak, generally, as to your knowledge of their fitness to judge in respect to the workings of this contract system.

Answer. There are a great many names on the list; among them I see the names of some men who ought to be conversant with the workings of that system; I see the names of a great many others who, I suppose, would not know, except indirectly.



By Mr. BARR :

Question. Is not a large number of these names the names of respectable men, as far as you know ?

Answer. I see no names of those that I do know but what are entitled to your consideration.

Question. They are not the names of men who would be termed low politicians ?

Answer. A number of the men whose names are on these petitions are men who have not been identified with politics for the last five or six years, and they are a class of men whose approval of or dissent from an action of any kind would carry weight with it.

By Mr. HARRIS :

Question. Do you recognize on the list you have named the names of any importers of goods, and if so, are they large or small ?

Answer. I find the names of some parties who have been doing business ; I find no names that I recognize as belonging to the merchant princes.

Question. Do the names of the business men whom you know to be business men and importers in the city of New York constitute a large or small proportion of the names upon that list ?

Answer. A very small proportion.

Question. Will you look at the names signed on pages 18, 19, 20, 21, 22 and 23 of this report, and see whether you recognize among them any large and important importers and business men of the city of New York, and if so, whether the proportion is large or small ?

Answer. On pages 18, 19, 20 and 23 a majority of the names are those of business men, and on pages 21 and 23 they represent a very large proportion of the importing interests of the city of New York ; a great many of them are agents, but yet it is the same thing, as the business is done through them.

Question. They represent a large proportion of those men in the city of New York whose business brings them in contact with the operations of this contract ?

Answer. A large proportion of these names represent heavy importing interests in the city of New York.

Question. I would ask you whether those names are not the names of men whose business brings them in direct and constant communication with these public stores, and who are therefore very able to express an intelligent opinion as to the operation of the system ?

Answer. In the case of a great proportion of these men, their business, it is more than probable, is done through custom-house brokers ; and if these brokers represent that this plan is better than any other they will be governed by such representations. The heaviest portion of our importers do their business through the custom-house brokers, who have the *entree* at all times to the custom-house, and get the run of the ropes. As I said before, if these brokers represent to these men that this is the best system of working the stores, they would be governed by their brokers' opinion, without forming a correct opinion, themselves, from observation.

Question. Do you not think if the system worked injuriously to the interests of these importers that they would not be apt to know it?

Answer. If it worked injuriously they would be apt to know it; at the same time there may be a certain class of brokers in New York, with whom these men do business, who may have facilities in the custom-houses over others, and thus may, through that means, influence the opinion of importers. This, therefore, may not be a correct opinion of the mercantile interests of New York.

Question. I understood you to say that you could do the same business under this contract for \$23,000 less than the present compensation?

Answer. I will guarantee to do it for \$100,000, and give any security required.

Question. Have you ever made any offer to the Treasury Department embodying an offer of that kind?

Answer. No, sir; but I was preparing to make an offer previous to this contract being given out.

Question. What prevented you from carrying out your intention?

Answer. From not having an opportunity to bid.

Question. Was the contract advertised for?

Answer. No, sir.

Question. Was the Treasury Department made aware in any way that you were prepared to do the work at a reduced rate?

Answer. The entire business was done through Mr. Schell, who drew his plans and specifications to suit himself. They were never submitted to me.

Question. You speak of Mr. Schell, the collector of customs?

Answer. Yes, sir.

Question. Was Mr. Schell aware at any time that you were willing to do the business at a reduced price?

Answer. Mr. Schell, in my opinion, was aware that other parties were willing to estimate for it.

Question. Do you know of any person interested in the procurement of this contract for the parties who now have it?

Answer. I do not.

Question. Do you know of any person connected with the government in any capacity who is interested in the proceeds or profits or procurement of this contract?

Answer. I do not.

Question. It has been charged that gentlemen in some way connected with the government have had some direct or indirect interest in connexion with this contract; if you have any information upon that subject will you be good enough to state it?

Answer. I have none.

#### Questions by Mr. IRVINE:

Question. You did not give a direct answer to the questions put to you whether you made known your wish to Mr. Schell to make an offer for this contract?

Answer. I did; I said I had not.

Question. Did Mr. Purser tell you that he was an applicant?

Answer. I believe he did. The matter was pretty fully canvassed among the democratic party.

Question. Who were the parties connected with you in your purposed arrangement?

Answer. No parties were connected with it except a party to advance the money to carry it on.

Question. Was he to be interested in the profits?

Answer. No, sir.

Question. Have you ever had any supervision of such business?

Answer. I made myself, when a member of Congress, very conversant with the details of the business, and I had information from friends familiar with that department.

Question. Do you suppose that the department for the last ten years has done the work as cheaply as it has been done under the contract system?

Answer. I do not know what amount of money is received for this carting of damaged goods.

Mr. IRVINE. The testimony is that it would amount to \$200 a week.

WITNESS. It has not been done cheaper in proportion within the last eight years. Previous to that time I cannot speak of.

Question. Have you ever made the figures to see what the work could be done at—what the amount of cartage would be which you would have to pay?

Answer. I do not recollect the precise figures that we made. I recollect that the entire amount of the work was considerably over \$100,000.

Do you remember whether you figured up the cartage to an amount as high as \$35,000 a year?

Answer. I do not think that we did.

Question. How much less than that?

Answer. I think that we concluded we would have to have from twelve to eighteen carts and trucks steadily, besides some extra help at times.

Question. What would be the expense of that?

Answer. I do not remember the amount.

Question. As much as \$15,000?

Answer. Somewhere in the neighborhood of \$20,000.

Question. How many men did you estimate you would have to employ?

Answer. I forget what the figures were.

Question. As many as 100?

Answer. I think not as many as that number.

Question. Seventy-five?

Answer. I could not tell. I think I have the figures on my memorandum book.

Question. When did you first learn what the price of this contract was?

Answer. A little after it was given out.

Question. How much did you understand it to be?

Answer. I first heard it was \$150,000. I afterwards learned that this was incorrect.

Question. Did you have frequent conversations with Mr. Purser about this matter?

Answer. No, sir. I never conversed about it much afterwards.

By Mr. BARR :

Question. Was it generally known that you had said you would do it for a less price than it was given out at?

Answer. Yes, sir.

Questions by Mr. IRVINE :

Question. In which congressional district do you reside?

Answer. In the fifth.

Question. In which does Mr. Purser reside?

Answer. I think he resides in Mr. Cochrane's district. He lived at that time in the fourth district.

Question. Have you been conversant enough with the public stores to know whether these contractors have any more men employed than is economical?

Answer. I have never been in the stores since they have been under their present management.

Question. How many times had you been there in the three years previous?

Answer. A hundred times, probably.

Question. Since last summer you have not been there once?

Answer. I have not been there this year, (1860.)

Question. Did you have any political friends employed by the collector who were turned out after these men got the contract?

Answer. Two or three men.

Question. Men appointed upon your application?

Answer. Yes, sir.

Question. Did you ever make any application to have them re-instated?

Answer. No, sir. I was told that if I made application they would be re-instated. I told the men that I thought they could do better by not going back.

Question. For the purpose of ascertaining what you could do this labor for did you look to the files in the custom-house or elsewhere, to see what the labor cost?

Answer. I took the judgment of an intelligent friend of mine, who is very conversant with such matters.

Question. Who was it?

Answer. Mr. A. King, in the naval officer's department.

Question. You made up your judgment upon his?

Answer. Yes, sir; upon his knowledge as connected with the customs for the last twenty years.

## Questions by Mr. HARRIS:

Question. When you contemplated making the proposition yourself for this contract why did you not make known your intention to Mr. Schell?

Answer. I presumed that the contract would be thrown open to the lowest bidder by advertisement.

Question. You did not, in fact, communicate directly with Mr. Schell in regard to it?

Answer. I did not. From my knowledge of Mr. Schell, my opinion is that if I had communicated with Mr. Schell directly I should have had a fair chance. Mr. Schell would have taken no unfair advantage. He would have received my proposition upon as fair terms as any one else, and would have given it a fair consideration.

Question. Do I understand you to say that Mr. Schell, at the time he aided in causing this contract to be made with these parties, was aware from any source that you were willing to make the contract with responsible securities for \$20,000 less than it was given out for?

Answer. I thought the matter would be advertised as they advertise for other matters, and was waiting for the advertisement to come out. I supposed the specifications would be at the office of the collector, where persons could go and see them. Of course I could not go on and make a bid unless I knew what the specifications were.

## By Mr. BARR:

Question. Do they advertise for stationery and coal to be supplied the custom-house?

Answer. Yes, sir; for stationery, I believe, and for everything.

Question. As a business man, if you had that work to do, would you make a contract in the way in which this was made, or would you advertise it?

Answer. I would advertise it.

Question. Do you know who has the bonded warehouse upon the North river?

Answer. I do not, of my own knowledge.

## By Mr. HARRIS:

Question. Is there any matter or thing connected with this contract about which you have not been interrogated, that is in your knowledge? if so, state it to the committee.

Answer. There is nothing that strikes my mind now.

## By Mr. BARR:

Question. Have you seen this contract?

Answer. I read it to-day.

Question. If you had seen this contract before it was awarded would you have done the work for the sum named by you?

Answer. After reading it, with the amendment, &c., I think I would have been perfectly willing to have done the work for \$100,000. I would be willing to do it now for that, and give real estate security.

WILLIAM. M. TWEED.



MAY 18, 1860.

The committee met, pursuant to call of the chairman, at 10 o'clock a. m. Present: Messrs. Barr, Irvine, and Harris.

JAMES O'REILLY sworn.

Questions by the CHAIRMAN:

Question. Are you one of the persons who signed one of these petitions against the public store contract in New York?

Answer. Yes, sir.

Question. This petition sets forth that though this contract for the public stores was made on the ground of economy, yet no proposals were issued for it; and though it was represented that the laborers retained would continue to receive the same wages they had been receiving, \$2 per day, they were reduced from \$2 to \$1; and of the 100 thus nominally retained, one-half were suspended alternately, leaving but 50 men actually employed to do the labor, to the increase of the profits of the contractors, who virtually paid only \$1 a day to the majority of the laborers employed; that this farming out of the contract to lawyers and politicians was unjust to the working classes; that there was no justification for the change, &c. Now, will you please tell the committee all you know about it?

Answer. There were a great number of men discharged under it. If the contract was wound up to-day, it would be found that there was very little saving to the government.

Question. Do you know anything about any corruption or fraud in relation to this contract, as set forth in the petition?

Answer. I think there is fraud in it so far as men doing contractors' work, such as messengers, clerks, and others.

Question. What do you mean by messengers and clerks?

Answer. I mean to say, so far as I can understand it, that there are ten messengers paid by the government who are doing contractors' work.

Question. How do you know that they are paid by the government?

Answer. I have heard so from different people.

Question. You do not know this of your own knowledge?

Answer. No, sir. If Mr. Cobb wished to make a saving to the government he would have issued proposals, and got other parties to do it for less.

Question. Do you know of other parties who would have done it for less?

Answer. I know George H. Purser would have done it.

Question. Do you know any other parties?

Answer. Mr. Ditchet.

Question. Did he offer to do it?

Answer. He did; he sent proposals to Mr. Cobb.

Question. Where did Mr. Ditchet live?

Answer. He lives in Fordham, and has an office in Tryon row. I offered to do it for \$25,000 less, although I did not want the contract.

Question. Have you ever heard any merchants in New York, or anybody doing business in the custom-house, complain of the manner in which it was done?

Answer. I have not much acquaintance with the merchants.

#### Questions by Mr. IRVINE:

Question. When did you make your proposals?

Answer. I think it was about the latter end of February.

Question. Were you discharged from these stores after this contract was made?

Answer. I was.

Question. How soon?

Answer. I was one of the very first discharged.

Question. You were one of the parties who were active in getting up these petitions?

Answer. Yes, sir.

#### Questions by Mr. HARRIS:

Question. How many signatures did you get?

Answer. I got the greater part of them.

Question. What was your object in getting the signatures?

Answer. I considered the contract a fraud upon the government and a fraud upon the men.

Question. When did you first make up your mind that this contract system was a bad one for the government?

Answer. I made up my mind before it was given out at all. Every man to whom I spoke about it was of the same opinion; the people of New York in general were opposed to it.

Question. Who do you mean by the people of New York?

Answer. I mean different people in business.

Question. Any of them importing merchants?

Answer. I am not acquainted with importing merchants.

Question. By people in business, of whom you speak, what sort of people do you refer to?

Answer. Grocers, liquor men, cartmen, lawyers, and professional men. I say, for instance, men connected with the government were opposed to it. Emanuel B. Hart, naval surveyor, and Isaac V. Fowler, postmaster; Mr. Graham, of the navy yard; Mr. Devlin, lawyer, and Mr. Wm. A. Kennedy, who has a very large paint store, were opposed to it.

Question. Has Mr. Kennedy signed the petition?

Answer. He has not.

#### By Mr. BARR:

Question. Did you go to Mr. Kelly, former member of Congress, and ask him to sign this petition?

Answer. I did, but he did not sign it.

Question. What reason did he give for refusing to sign it?

Answer. He gave none. I knew the reason myself. He had two brothers-in-law and other friends who would be discharged if he signed it.

Questions by Mr. HARRIS:

Question. Are these parties whom you have named tolerably prominent as democratic politicians in New York?

Answer. I should say they were. The editors of all the newspapers in New York, and some in Brooklyn, were opposed to it.

Question. I understand you to say that there is no economy in this system to the government. How much did this same work cost the government before this contract system was adopted?

Answer. I mean to say, in answer to the question, that if the place was properly managed and conducted by a man who would attend to his business, and if they would not have so many loafers and drunkards in it as they did, the expenses would not be near so heavy.

Question. Do I understand you to say that under the old system there was a lot of drunkards and loafers kept there?

Answer. There was.

Question. Do you think, if the old system were restored, that there would be any change in the character of the men employed in it?

Answer. I would say, if Mr. Schell attended to his duty, and had a proper foreman, that things would be managed differently from what they were before.

Question. What was your position there?

Answer. There were a lot of us on the fifth floor. I suppose there were ten or fourteen of us who were doing little or nothing.

Question. What did you get?

Answer. Two dollars a day.

Question. Were there many more in the public stores kept in the same way?

Answer. Yes, sir.

Question. How many, on an average, were there doing nothing?

Answer. I should say a great number.

Question. How did they happen to get there?

Answer. They got there through the influence of Mr. Schell. The day I got in there were three men who got in, also, that were not required.

Question. How did you happen to get in; on your good looks?

Answer. On good looks, I suppose.

Question. Were most of these men politicians?

Answer. Some of them.

Question. Were they active men at elections in the wards?

Answer. Yes, sir.

Question. Do you think that they had any claim for two dollars a day and a sinecure of doing nothing, but for the fact that they were active men in the ward elections?

Answer. I should think that was the only claim they had.

Question. What special claim had you for appointment?

Answer. I suppose that was my position, too.

Question. Are you not a pretty active democratic politician in New York?

Answer. In my ward I take a hand now and then.

Question. Do you think that they put you in and kept you in the public stores on that ground?

Answer. I should say that they had no other ground.

Question. Who did you apply to to get your place?

Answer. I believe I was put in by General Ward, although McIntire tells every one that he put me in.

#### Questions by Mr. IRVINE:

Question. What reason was assigned for your discharge?

Answer. I happened not to be a very good friend of Mr. McIntire.

Question. You have not answered my question.

Answer. I happened always to be opposed to McIntire. In the ward where I lived a year before, McIntire wanted to get in a friend of his as alderman. I opposed his friend for alderman, and I was opposed to himself personally; and I think that is the reason why I was put out.

Question. What reason did they assign for putting you out?

Answer. None whatever. I went to McIntire a few days afterwards and asked him what was the reason he put me out. He told me that he had no fault to find with me; but he told some of his partners that he found me drunk, and that was the reason he gave to them for discharging me. I say positively that I was never drunk in the public stores.

#### Questions by Mr. HARRIS:

Question. How long were you in the public stores?

Answer. About nine months.

Question. You had several elections in New York while you were in the public stores.

Answer. Yes, sir. Three days before the election in 1858, the time that General Ward was defeated for Congress, I was fiddling about doing nothing the first day up to evening. On that evening I was told that I would be excused until the day after the election, to go and electioneer the next day and the day of the election.

Question. You say that three days before the election you were told that you would be excused from attending to work until the day after the election, that you might electioneer; how many more do you know of that were excused in the same way?

Answer. I know that the other two who went along with me were also excused. I believe a great number of others, from every ward in the city, were excused also. That is the usual way.

Question. Do you know whether that is the usual way in connexion with the other departments of the government service in New York?

Answer. I know nothing about any other place. I speak only of the public stores.

Question. Do you know whether any of them went out of the city of New York?

Answer. I was told by some of them that they did go out of the city. They told me themselves that they were out in Mr. Haskin's district.

Question. Did you have any conversation with anybody about the propriety of getting the opinion of these petitioners against this contract system before you went around with these petitions?

Answer. Yes, sir.

Question. Who suggested to you that it would be a good thing to get up petitions of that sort?

Answer. It was talked about among ourselves. We called a meeting in the month of November, to be held in Prince street. I put an advertisement in the "Herald" and "Daily News," calling the meeting. On the evening that we had the meeting I heard and believe that Mr. McIntire called a desperate rowdy, by the name of John Carpenter, and told him—so I was told by men at work at the time in the public stores—to get a lot of men two or three hours before the meeting, and go and break it up.

By Mr. IRVINE :

Question. Who told you of this?

Answer. If I should give the names it might be the cause of turning out men in the public stores, and I should not wish to injure any man, although he was opposed to me. This John Carpenter is a shoulder-hitter, and was the one who went to the Syracuse convention; interfered there and threw Mr. Stryker off the platform. I heard that he also shot a man in New York.

By Mr. HARRIS :

Question. Had the men with whom you talked about the propriety of getting up these petitions been in the public stores, and had they been discharged?

Answer. Some of them had been and some had not. I spoke to different people, some very respectable people, and they all approved it.

By Mr. IRVINE :

Question. What proportion of the signatures you obtained were those of your own countrymen—Irishmen?

Answer. A great many of them were Irishmen, but there were those of every country, republicans, democrats, know-nothings, and all parties.

Question. I want to know what proportion of the signatures that you procured were those of your own people?

Answer. A great many of those who signed the petition were born here, and I call them Americans.



Question. That does not answer the question—what proportion were Irishmen?

Answer. I could not say.

Question. A large proportion?

Answer. I should think there was.

Question. Is there the name of any prominent merchant upon either of these petitions?

Answer. I should say there were the names of a great number of prominent men. There is Mr. Stant, city chamberlain.

Question. I want to know whether there are the names of any prominent business merchants—I do not mean lawyers, politicians, and cartmen. I mean men that have connexion with the public stores in the way of business?

Answer. I do not know that there are the names of many such.

Question. Will you tell the committee whether the complaint that induced the getting up of these petitions was based upon the discharge of the men from the public stores?

Answer. It was.

Question. And still you confess that there was a large number of men getting \$2 a day and doing nothing?

Answer. I said that, but will explain it by saying that Mr. Schell was not doing his duty.

By Mr. HARRIS :

Question. Do I understand you to say that you sent a proposition to the Secretary of the Treasury to do this work for \$25,000 less than these parties?

Answer. I posted it myself.

Question. Did you offer to give Mr. Cobb the security of responsible men?

Answer. Yes, sir.

Question. Who is Mr. Dichet who made a similar offer?

Answer. A gentleman who lives at Fordham.

Question. What is his occupation?

Answer. I believe he is a man of good property there, and is in the real estate business.

Question. Do you know what he offered to do it for?

Answer. He told me that he offered to do it for 15 per cent. less than the parties who had the contract.

Question. Do you know whether he sent such proposition to the Secretary of the Treasury?

Answer. He told me that he sent it to him, I know that he expected an answer back and was disappointed in not getting it.

By Mr. IRVINE :

Question. When was it that he sent this communication?

Answer. About the 1st of March.

Question. Did you have any understanding that the contract was to be renewed?

Answer. I understood from Mr. Cobb that he would give it to the lowest bidder, that the time was to be renewed.

Question. Do you know what time was reserved in the contract for its revocation?

Answer. Six months.

Question. How did you know it was to be extended?

Answer. I heard it myself last February.

Question. Did you call upon him?

Answer. I did.

Question. Was it before or after you made your proposition?

Answer. After.

Question. When you made your proposition did you know the precise sum which these men were to have for working this contract?

Answer. I had it only from hearsay.

Question. How much did you understand it was?

Answer. About that time we understood it to be about \$120,000.

Question. Who do you mean by "we."

Answer. I heard it from different persons.

Question. You said that Mr. Purser made a proposition to the Secretary of the Treasury. Do you know whether he knew what the contract price was when he made the proposition?

Answer. He knew from report.

Question. Did he understand that report in the same way?

Answer. I think he did.

Question. Where did you acquire your information as to the amount of the contract?

Answer. We were never sure what it was until we got it in this contract furnished to the House of Representatives.

Question. What is your business?

Answer. I was buying country produce for a while.

Question. What is your business now?

Answer. I have been doing nothing since Christmas.

Question. You were for eight months in the public stores, and before that a dealer in country produce?

Answer. Yes, sir.

By Mr. HARRIS:

Question. Do you know of any other parties besides Dichet and yourself who were anxious to bid for this contract?

Answer. I do not. I heard that there were other parties, but I do not know anything about it.

Question. I do not exactly understand what you mean by saying that the expenses of this contract system were increased by the fact that there are some ten messengers paid by the government for doing the work of the contractors. Do you mean that there is anybody in the public stores now who does the work that the contract covers that the government pays?

Answer. I hear everybody say that the messengers do such work?

Question. Do you know anybody of your own knowledge who does such work?

Answer. No, sir.

By Mr. IRVINE:

Question. Tell us how many times you have been in the public stores since you have been discharged?

Answer. I have never been there since that time.

By Mr. HARRIS:

Question. Is there any other matter or thing connected with this contract for public stores in your knowledge that you have not disclosed?

Answer. There is a great deal of money put to the charge of the public stores, which makes the sum appear so very large. Coal, stationery, stoves, and a great many things are supplied to the contractors which were last year charged to the public stores. I think if the whole thing was wound up, it would turn out that there was very little saved to the government; that with proper economy and a good foreman the thing would be in a better condition, and that the contract system was but a small saving to the government.

By Mr. BARR:

Question. You know pretty near all the persons who signed these petitions?

Answer. Yes, sir.

Question. What kind of men are they—are they honest and respectable men?

Answer. They are.

Question. Men who work for their living and respectable?

Answer. Yes, sir; respectable and honest men.

JAS. REILLY.

The committee then adjourned.

SATURDAY, *May* 12, 1860.

The committee met at 3 o'clock p. m. Present: Messrs. Irvine, Harris, Garnett, and the Chairman.

*Examination of Samuel J. Willis.*

SAMUEL J. WILLIS sworn and examined.

Questions by Mr BARR, Chairman:

Question. You are one of the appraisers of the public stores in the city of New York?

Answer. Yes, sir.

Question. How many are there?

Answer. Three.

Question. How long have you been appraiser?

Answer. About twelve years.

Question. I see, Mr. Willis, that you have signed this letter, [referring witness to a letter dated United States appraisers' office, March

29, 1860, signed Isaac Phillips, D. D. Briggs, and Samuel J. Willis, and addressed to Augustus Schell, collector,] in which you state that the "contract system has been attended with success, and, in our opinion, may be regarded as an improvement on the previous practice." Do you mean improvement on the previous practice under the contract system or under former administrations?

Answer. Under the old system, my impressions are that there was a little more delay than there is now, because the contractors take a little more interest in furnishing goods for examination than was ever taken before. For a while, after the contract system was first entered into, it did not work so well, for the simple reason that they would change the men who were under our immediate direction for opening, assorting, packing, and nailing up cases. They changed them so frequently that it made us delay the examination of goods. That difficulty has been remedied, and now I think it works as well as any system could. The contractors now take great pains in cases where packages of goods have been misplaced to have them placed on the proper floor for examination. French goods go on one loft and English goods go on another, and they frequently get misplaced; and so with divers other departments. Tobacco goes in one place and cloths in another, and sometimes they get misplaced, in which case there is almost always delay. They now have a record which is kept for the purpose of allowing any merchant who finds that some of his goods have not been examined as speedily as they ought to be, to place the matter of fact upon that book, together with the name of the owner, the mark and number of the package. They have a man constantly employed in the business of assorting the packages and to see that they are in the right place. I think myself that at present the system works better than it has ever done before. I do not know that any improvement, so far as the work is concerned, could be made.

Question. Were you an appraiser during Polk's administration?

Answer. Yes, sir.

Question. Who were the other appraisers then?

Answer. Mr. Pomeroy and Mr. Phillips.

Question. At that time who had the appointment of the men?

Answer. The appraisers had.

Question. How many of them did you have at that time?

Answer. I do not remember; I am inclined to think there were sixty.

Question. Is the business much greater now than it was then?

Answer. It is somewhat larger; I do not know to what extent.

Question. Do you know what the expenses of carrying on the business were?

Answer. I should think there was something like sixty men, who got \$12 50 a week; that system of the appraisers making the appointments continued on during a part of General Pierce's administration; after Mr. Bronson came in we continued it for a while; Mr. Bronson changed the whole system, and took the appointment of a portion of the laborers under his immediate direction; we were always in the

habit of appointing those who were immediately connected with us in opening, assorting, and putting up packages.

Question. Was not the work done as well then as now?

Answer. I do not know but it was; there were a few complaints; I think that the quantity of goods that has been examined since is rather greater, from this simple fact that the law requires one out of every ten packages to be examined, and if ten small dealers import one package each they must all be examined; while perhaps the receipts into the treasury are not so large now as in former years, the quantity of goods examined is greater now in consequence of the fact that so many small jobbers import but one package in an invoice, and that one must necessarily be examined.

Question. Is the work much greater now than it was then?

Answer. I should think it was, somewhat; I think that this spring it has been as great as I ever knew it.

Question. Who did the cartage then?

Answer. The cartage was done entirely by the collector.

Question. You mean that he appointed the different cartmen?

Answer. We had nothing to do with it.

Question. The contractors now furnish the carts?

Answer. Yes, sir.

Question. Do they bring the goods from the ships?

Answer. Yes, sir.

Question. All the goods that are ordered to be examined are brought by the contractors' carts to 12 Broad street?

Answer. Yes, sir; I think the contractors have some carts of their own to cart the goods; whether they have carts to bring the goods from the vessel I am not quite sure; I think that very frequently the owners of goods employ their own cartmen.

Question. After the goods are examined how long do they generally remain at Broad street?

Answer. I think the rule is, if they remain over three days without being sent for by the owner that they are transferred to some public warehouse.

Question. Do you know where they are generally transferred to after being passed?

Answer. I do not know that there is any particular place; I rather think a good many go to 55 and 56 Greenwich street. We have occasionally to go there and examine some.

Question. That is a bonded warehouse, owned by the same contractors?

Answer. I think so, but I do not know. I have not paid attention to where the goods went after examination; I am not very familiar with the matter of fact in that case.

Question. Do you not know that this business could be done by the appraisers themselves as well as it is now done by the contractors?

Answer. I have no reason to think why it could not be.

Question. Has there ever been any contract for doing the work before?

Answer. Not to my knowledge.



Mr. BARR here read the following section :

“And be it further covenanted and agreed, by the party of the second part, that the said party of the second part will collect and receive from the owners or consignees of all goods, wares, and merchandise which may be sent to said stores for appraisement, without invoice, or for appraisement of damage, such sums as may be due on such goods, wares, and merchandise for labor and cartage, and will pay such sums so received to the parties of the first part on the last day of each week during the continuance of this contract.”

Question. Can you explain that section?

Answer. I cannot.

Question. You can tell something about how many packages of damaged goods and appraisement orders would come under that section?

Answer. I should think it would average from fifteen to twenty packages a day, and sometimes more, because there is a large number of appraisement orders. There are some packages with a very small quantity of goods, and some with large quantities; some containing a single shawl or a piece of silk, for instance, which a man may import for his own private use.

Question. They came from a vessel?

Answer. Yes, sir.

Question. All these goods are charged by these parties so much a package for bringing them?

Answer. Yes, sir.

Question. What is the general charge for bringing and taking them to the owner?

Answer. I do not know; I believe they pay three shillings a load.

Question. You would not say that there were fifty packages of damaged goods?

Answer. I would not say there are as an average.

Questions by Mr. IRVINE :

Question. I want to know whether the duties of the appraiser are the same as they were prior to this contract being made.

Answer. They are by law the same, because they have to examine and report upon the packages of goods sent for examination. While we had the charge of the laborers we always took care to see that the laborers did their duty, and to see that the goods were regularly transferred from the different departments into the proper department. Now we have nothing to do with that. The contractors do that. So far as the examination of goods is concerned we have done the same as we have always done.

Question. I want to ascertain whether the duties devolved upon the appraisers by law to be executed by them are executed by them now?

Answer. There may be some question about that, because some of us took the ground that it was the duty of the appraisers to appoint all the necessary clerks and laborers that were necessary for the ex-

amination of merchandise after the goods were placed in the different lofts.

Question. What I wish to know is whether the law made it your duty to make those appointments?

Answer. We contended that we had the right to appoint all the laborers that were necessary to open, assort, and re-pack goods in the case, when they were on the floor for examination.

Question. They were the men you used to appoint?

Answer. Yes, sir.

Question. Now, the duties of the appraisers are merely to examine and appraise goods?

Answer. Yes, sir.

Question. You have nothing to do with reference to the appointment of laborers?

Answer. No, sir.

Question. As I understand you the practice under the various collectors, or a portion of them, was different? Mr. Bronson, when he came in, took that power away?

Answer. Yes, sir.

Question. And appointed a portion of the laborers himself?

Answer. Yes, sir.

Question. The reason assigned why you should have the appointment of the laborers was that the work was done entirely under your direction?

Answer. Mr. Lawrence, the then collector, requested the appraisers to make all the appointments. When Mr. Redfield came in, he took the same view of it, that we knew best who were the proper individuals to appoint, and he for a while allowed it to be done, until he changed the practice and appointed a portion of the men.

Question. There is a provision in the contract for transferring goods to 12 Broad street for examination; what is done with those goods after you appraise them?

Answer. They come to Broad street to be appraised. Then the owner takes them out for consumption or puts them back into the warehouse. He leaves them or takes them out at his pleasure.

Question. Where do goods that are to be bonded go?

Answer. The goods received from vessels upon their importation would be sent to 12 Broad street or to some bonded warehouse.

Question. I would ask whether the goods upon their receipt in New York are appraised immediately?

Answer. They are all appraised immediately that are sent to 12 Broad street. The owner may import twenty packages of goods and put them in a warehouse and have them taken out and appraised as he desires. He cannot withdraw them until one out of every ten is examined.

Question. Then they go to the bonded warehouse directly?

Answer. Yes, sir; except those that are wanted for immediate consumption.

Question. Who, under the old system, kept the account of the expenses of labor in the public stores?

Answer. The collector.

Question. The appraisers never did that?

Answer. No, sir.

Question. You, then, never having been in the habit of keeping any account of these expenses, will not be able to tell whether this compensation was an adequate one?

Answer. No, sir.

Question. Do you know of any complaint by business men having connexion with these public stores in any way, in regard to the manner in which business is done by these contractors—of course, there would be some complaint—but I mean any well-founded cause of complaint?

Answer. I do not know that there is. I have heard, occasionally, some of the merchants complain of a package of goods being transferred almost immediately after it was passed, without waiting a sufficient time to give him an opportunity to pay the duties and get his delivery order.

Questions by Mr. GARNETT:

Question. Was there complaint of the same kind of the way in which the business was done under the former system?

Answer. I do not know that there was under the former system, because I do not think that we transferred them so speedily.

Question. Any complaint of delay?

Answer. There always has been since I have been in the appraiser's department. In the rush they get the packages misplaced, and where you pile them up in a heap, a hundred packages together, it is difficult to get them out in proper time and give them a proper examination. Some kinds of goods require a great deal of care. You have to take and assort them all, fifty or sixty different articles, perhaps, in one package. It takes a great deal longer time to assort packages of that kind than it does to assort packages that contain only one kind of goods. There has always been some little delay in consequence of the great quantity of goods received. The great difficulty has been the want of room. They are obliged to pack twenty or thirty packages one upon the top of another, and, in such a case, we are apt to get those which we can get hold of first.

Question. The cartage from the vessel to the public stores is always done by the collector?

Answer. Yes, sir, it has always been done by the collector.

Questions by Mr. IRVINE:

Mr. IRVINE read from the contract as follows:

"The parties of the first part will furnish, employ, and pay, at their own sole cost, all the labor and laborers which may be at any and all times necessary for the purpose of receiving, storing, and delivering all goods, wares, and merchandise which may be received at the stores in Broad street," &c.

"That they will take the packages from the carts and drays, and will place and distribute said packages in such parts of said stores as the party of the second part, or the United States appraisers, may direct, for the convenient examination of said packages, and will open

the same for such examination by said appraisers, and will repack and close the same when examined, and will, under the directions of the said party of the second part, deliver to the importer said goods, wares, and merchandise when duly permitted, or transfer the same to such bonded warehouse as may be ordered by the party of the second part, and furnish carts and cartmen for such transfer or delivery, the expenses of such transfer or delivery being chargeable on goods so transferred or delivered; that they will furnish carts and cartmen, and transfer all goods ordered by the party of the second part from bonded warehouses to said stores in Broad street, and that they will pay all such incidental expenses," &c.

Question. I will ask you whether the contractors now pay the carmen when they bring the goods?

Answer. All I know about is, I see the men that they employ pay carmen as they come with the goods. Mr. Gray, under the old system, paid the cartman. Now one of the contractors' men does that duty.

Question. You think the contractors pay for the cartage?

Answer. Yes, sir.

Question. You say that the matter of cartage from the ships to the bonded warehouses, or the stores in Broad street, is paid by the government?

Answer. It must be paid by the contractors.

Question. That item of expense the contractors pay?

Answer. Yes, sir; I have seen the contractors pay the cartmen as they came to Broad street.

#### Questions by Mr. BARR :

Question. You said that you appointed a portion of these workmen in these stores :

Answer. Yes, sir. When Mr. Lawrence came in, he requested us to appoint all the men which he did.

Question. Did I understand you to say, in the early part of your examination, that when you had the whole of this business, the same as the contractors have now, that you appointed all the men, as they do now?

Answer. Yes, sir; the law contemplated, as we read it, that we had a right to appoint all the men necessary to open, assort, and nail up the packages; the appraisers always did that under all the administrations until the contractors came in. The Secretary of the Treasury or the collector communicated the fact to us, that he was desirous to contract the work out, as he thought he could save considerable money by it, and he wanted to know if we had any objection to urge against it. We said that we had none. If he chose to dispose of the work in any other way we should not put in any objection. We gave up any right which we might have had to the appointment.

Question. Are there any laborers in your department paid by the collector now?

Answer. There are only messengers, clerks, and samplers.

Question. Are they under the appraisers?

Answer. Yes, sir.

## Questions by Mr. GARNETT :

Question. Are there the same number and at the same rate of compensation as before?

Answer. Yes, sir.

Question. You stated that complaints had been made by merchants that goods had been transferred too quickly sometimes before the owner had an opportunity to pay the duties.

Answer. There has been some complaint, and parties have refused to pay the extra expense in consequence of not having had the time to pay their duties and get their orders for delivery.

Question. Was there not a great deal of complaint under the first part of the contract system?

Answer. There might have been; I do not know how much; there was complaint of that kind.

## Questions by Mr. IRVINE :

Question. Do you know whether it was induced at all by the extensive quantity of goods you had stored?

Answer. That was so sometimes. There have been times when it was very desirable to get rid of the goods in order to get room. It was necessary to get clear of them as soon as possible. We always considered, when we had charge of them, that the merchant ought to have sufficient time in order to get them out.

Question. Do you have as many stores as you had before?

Answer. I think we have as much room. They have given up one store and taken another.

## Questions by Mr. HARRIS :

Question. Do I understand you to mean that the work which was done by the 60 men you speak of, at \$12 50 a week, and which amounted to \$37,044, is the same as is now paid for by contract at the rate of \$123,000.

Answer. The quantity of goods has been greatly increased since the time the 60 men were employed.

Question. Can you say what the increase was?

Answer. I cannot.

Question. Do you think there were only 60 men employed?

Answer. I do not distinctly remember how many we had.

Question. Is the increase in the amount of work done, from the time that you had the 60 men up to the present time, sufficient, in your judgment, to justify an increase of expenditure of nearly \$100,000 in order to do the work?

Answer. I am hardly able to say. I am rather inclined to think that I was in error about the 60 men; I think there were more. We had under our special direction men who opened and repacked goods, about 60 men, and then, all the business of hoisting and lowering goods was in addition.

## By Mr. GARNETT :

Question. Do the contractors bring the goods to the warehouse stores and carry them away?



Answer. Certainly.

Question. Was that done by the sixty men to whom you refer?

Answer. Yes, sir; but I think instead of there being sixty men, there must have been about one hundred.

By Mr. HARRIS :

Question. The contractors do the hoisting?

Answer. Everything of that sort.

Question. Under whose administration were these sixty or one hundred men employed, and what compensation did they get?

Answer. They got the same price, \$12 50 a week; this was under Mr. Polk's administration.

Question. You say that the work which is now done by the men employed by the contractors required at the time to which you refer one hundred men?

Answer. Something like that number.

Question. That would make \$65,000 a year. This contract for the labor relating to the public stores is for \$123,000. Does the increase in business justify that?

Answer. I cannot say. I do not know how much the business has increased; it has certainly increased.

By Mr. GARNETT :

Question. Do you mean to say that the entire amount of work which this contract obliges the contractors to do was performed under Mr. Polk's administration for a sum not exceeding \$65,000?

Answer. I have not the data to go by, but according to my recollection, the number of men is right—that is, so far as the labor is concerned.

Question. Does that include the whole which the contractors now do?

Answer. Yes, sir.

By Mr. HARRIS :

Question. Does that include cartage?

Answer. No, sir.

By Mr. GARNETT :

Question. Does it include hoisting?

Answer. Yes, sir.

By Mr. BARR :

Question. How many laborers have you now?

Answer. We have twenty-two examiners, and in times when there is a large quantity of goods to be examined each examiner has two men, which will make forty-four. But now they turn all away that are not necessary for use; they have only got one apiece.

Question. Then, you have got twenty-two men to do the work which sixty men used to do?

Answer. Yes, sir.

Question. They have a horse to do the hoisting, which they used to have men do?

Answer. Yes, sir.

Question. It makes a difference of twenty or thirty men, if not more?

Answer. Yes, sir.

By Mr. GARNETT:

Question. Do the records of the appraisers' office show what the expenses have been in former years?

Answer. The custom-house records only show that.

WEDNESDAY, *May* 16, 1860.

The committee met at 10½ o'clock a. m. Present: Messrs. Barr, Irvine, and Harris.

JAMES B. CRAIG sworn.

Questions by the CHAIRMAN:

Question. Where do you reside?

Answer. In Brooklyn, King's county, New York.

Question. Are you one of the parties to this contract between McIntire, Mather, Bixby, Craig, and Schell? [referring to contract relating to the public stores made August 26, 1859.]

Answer. Yes, sir.

Question. Is there any government official, or any member of Congress, or any person, to your knowledge, interested in that contract, except those named in it?

Answer. No person, to my knowledge, has any interest in it, except those named—Mather, McIntire, Bixby, and myself.

Question. What is your business?

Answer. A lawyer by profession.

Question. About how many men are there employed in the public stores?

Answer. I cannot tell exactly, but I should think about 125.

Question. You also employ a horse, to do the hoisting?

Answer. Yes, sir; we find that to be a great labor-saving institution to facilitate business in getting goods in and out quickly.

Question. How long were you in negotiation with the Secretary of the Treasury in reference to making this contract before it was made?

Answer. I think the first proposition which I made was either in April, 1857, or April, 1858—I have forgotten which.

Question. Did you apply for it alone?

Answer. Yes, sir.

Question. And Mather, Bixby, and McIntire also applied for it?

Answer. Yes, sir.

Question. What was the result of the application then?

Answer. Allow me to explain it. The first proposition which I made was at the time when I was occupying the position of private

secretary to the collector, Mr. Schell. I had occupied that position for four or five years, under Mr. Redfield and Mr. Bronson. The Secretary of the Treasury was desirous of reducing the expenses of collecting the revenue at New York. For that purpose he sent on Mr. Guthrie, as an agent of the department, to New York; and among others, he consulted with me, as I knew about the practical workings of all the offices connected with the custom-house. I suggested that there might be a large saving made in the expenses of the appraisers' stores, at No. 12 Broad street. It had been tried several times, and the expenses had been reduced, but they gradually grew up again. Shortly after my conversation with Mr. Guthrie, I wrote a letter to a friend of mine in Washington, who I knew was visiting there, authorizing him to submit, as an evidence of my faith in the suggestion I had made, a proposition to the Secretary of the Treasury to make a contract with him to perform the labor in one branch of the appraisers' stores, which would have been a saving to the government of \$50,000. It was entertained, but for various reasons—I do not know exactly what—numerous excuses were made for not acting upon it. There was no decision upon it for a long while by the Secretary. Sometimes he gave as a reason that he had not the time to investigate it, and sometimes another. In the summer of 1859 I came to Washington to see him about the matter, (in the meanwhile I had resigned my position in the custom-house,) and he then told me, if my proposition met with the approval of the collector, that he would make such contract with me. As I understood both from him and Mr. Schell, he sent my proposition to Mr. Schell, and called upon him for a report as to whether the amount which I stated in my proposition would be saved to the government, and also whether the work could be done by me in the way I proposed satisfactorily to the heads of the departments in New York, and the business promptly transacted. I think that Mr. Schell reported that it could be so done; but as I proposed in my proposition to do only the labor of a portion of the stores, he suggested to the Secretary that, if the contract system was to be adopted, it had better be adopted for the whole stores—to do all the labor in the appraisers' stores. After that Messrs. McIntire, Bixby & Co. submitted a proposition covering ground which I did not cover in mine—a proposition identical with mine, with that exception. They proposed to take and furnish the labor in the appraisers' department, whilst I had only proposed to furnish the labor in the collector's department. They, in addition, proposed to pay all the cartage, which was then paid by the government, and all the incidental expenses of the stores. I ascertained that that was the proposition, and I also submitted a proposition covering the same ground, before any decision was had upon my original proposition or upon the other propositions. We concluded to make a joint proposition of it—Messrs. McIntire, Bixby, and myself. We did so, and it was accepted.

Question. Were there any other parties who bid for it?

Answer. Not that I am aware of. I never have heard that there were any other parties who made any proposition for it.

Question. I have asked you if there was any government official interested in the contract; was Mr. Guthrie interested in it?

Answer. Not the slightest. The only parties in interest, to my knowledge, are Messrs. McIntire, Mather, Bixby, and myself.

Question. You are a law partner of Mr. John Cochrane?

Answer. Not exactly a law partner. Mr. Cochrane and I occupy the same office, and if he were at home all the time then there would be a regular co-partnership between us. As it is now, I manage the business of the office. If any office business comes for Mr. Cochrane in his absence, I manage it; and when Mr. Cochrane is in New York, in cases in which I am attorney, if I employ him as counsel I pay him for it. There is no partnership between us.

As it was intimated in one of the newspapers in New York, that because of my connexion with Mr. Cochrane in law business, he had, therefore, an interest in this contract, I have deemed it my duty, in justice to Mr. Cochrane, to make this statement.

#### Questions by Mr. HARRIS:

Question. You say that Mr. Cochrane has been in this way associated, in the newspapers, with you in this contract?

Answer. Yes, sir.

Question. Has Mr. Cochrane any interest or connexion with it in any way or shape, or with the profits arising from it?

Answer. He has not, and never had.

Question. Who drew the contract for you in this case?

Answer. Mr. Schell, I think, drafted it originally. I suggested some amendments, and he then suggested some others, and finally we agreed upon it as it is now.

Question. Has Mr. Schell any interest whatever in this contract, and the profits arising from it, directly or indirectly?

Answer. Not a penny, that I know of or ever heard of. If he has any at all, it is not by any arrangement of mine.

Question. Has Mr. John C. Mather any interest in it?

Answer. He has one-fourth interest.

Question. What is the profit of this contract, weekly?

Answer. Thus far it has been very little. We have had it now since September last. At times we have made money. We paid out in one week \$1,100 more than we received from the government. Other weeks we have made five, six, seven and eight hundred dollars. For the last four weeks we have been making money. Before that, every week, we had been coming out about whole or running a little behind hand. I do not know exactly, but suppose we have not received from the profits during the whole time \$5,000 more than we have paid thus far. It is now about eight months.

#### Questions by Mr. IRVINE:

Question. I understand you that in the practical operation of this contract, that you pay the cartage upon the goods that are carted to the public stores from the vessel?

Answer. Yes, sir; we pay cartage upon all goods that are sent to

the public stores for appraisement with invoices, upon the merchandise which the acts of 1830 and 1842 required the collector to send there

Question. For that money which you pay for cartage do you have any drawback, except as it is included in this gross amount of \$123,000?

Answer. No, sir; nothing at all, except as specified in the contract.

Question. How is it with regard to the cartage and the removal of goods from the public stores, and their distribution?

Answer. If we send our own carts we then receive the pay. In a majority of instances the merchants send their own cartmen. I suppose that four-fifths of the goods which come to the public stores are carted away by the merchants themselves, without paying anything at all to us.

Question. Here is a covenant in the contract which provides for the payment to you for the labor and cartage upon goods not invoiced, or damaged goods which come for appraisement; who receives that?

Answer. The collector receives that by a conventional arrangement between us.

Question. Is that an item in the expenditure of \$123,000?

Answer. It is in addition to the \$123,000.

Question. What is the probable amount of that item, one week after another?

Answer. I should think it would average \$200 or \$300 a month. We make the collections every month from the collector. I should explain, by saying that in many instances where goods are sent to the store for appraisement the merchant sends them by his own cart from his own store. If it is by his own cart, then we do not pay the cartmen, and, therefore, we collect nothing back; but if he sends by a cartman for us to pay, we pay, and then the collector, when the goods are delivered again, collects it for us.

Question. In cases where the merchant does not employ a cartman to do the cartage, the only item which is collected upon the goods is so much per package for the labor?

Answer. Yes, sir.

Question. That amount is regulated by the Chamber of Commerce?

Answer. That amount is the same as is fixed for the bonded warehouse.

Question. Will you state whether the legal power of the Secretary of the Treasury to make this contract underwent investigation before it was made?

Answer. I think it did. That was one of the reasons why the Secretary delayed as long as he did a decision upon my proposition. He said (so I understood from him and others in the department) that he had some doubts as to whether the law authorized the making of a contract for this purpose. Upon investigation he was satisfied that there was no law in opposition to it, and that there was precedent for it under Mr. Walker's administration of the treasury.

Question. That was under Mr. Polk.



Answer. Yes, sir. Mr. Walker made a similar contract in New York.

Question. That contract related to the work in the bonded warehouse?

Answer. Yes, sir; corner of Broadway and Exchange Place.

Question. The government then had a bonded warehouse there?

Answer. Yes, sir; that was before the private bonded warehouse system was established.

Question. In these statements that are made up accompanying the report of the Secretary of the Treasury there is an item designated for labor, cartage, &c. Will you tell us what cartage that includes?

Answer. The cartage referred to is the cartage which we pay upon goods sent to the store by the collector for appraisement, with invoices, which we do not collect back.

Question. That is the cartage from the vessel to the store?

Answer. Yes, sir.

Question. As I understand it, the custom-house does not collect that cartage?

Answer. No, sir; under the law the goods are sent to the stores by the collector, at the expense of the government.

Question. The goods that go to the appraisers' stores in Broad street are in such packages as are opened, sampled, and priced, or to be examined and appraised?

Answer. Yes, sir; only those goods that are seized. There is one part of the store which the collector has partitioned off, in which he places goods that have been seized in violation of the law.

Question. In the distribution of goods from the public stores do you employ cartmen, or furnish horses and carts of your own?

Answer. We employ cartmen by the day and week; I think two or three.

Question. Have you ever looked through these petitions? [referring witness to several petitions praying for an investigation into the contract relating to the public stores.]

Answer. I think I have seen them.

Question. I wish you would look through them and see whether you recognize any of the subscribers as being parties or having any connexion with the custom-house department in any way, as laborers or otherwise; take this one, headed by Randell O'Conner?

Answer. I do not recognize any of the names as having been connected with the public stores.

Question. Do you recognize any prominent business men among them?

Answer. I do not see the name of a prominent business man among them.

Question. Are there any parties there who have been discharged from the custom-house department?

Answer. None that I recognize.

Question. Do you recognize some as applicants for labor on the public stores?

Answer. Yes, sir. They are mostly laboring men who have signed this petition.

Question. Will you look at this petition headed "Owen Finn?"

Answer. There are no names on that who are in any way connected with mercantile affairs in New York, or with the custom-house there, so far as I know or ever heard.

Question. Any prominent politicians there?

Answer. None at all. There is the name of one councilman. I do not call them prominent politicians.

Question. Look at this petition headed by James O'Reilly?

Answer. A good many of these names seem to have been written in the same handwriting. There is the name of no prominent politician there connected with the stores. There is the name of Mr. Reilly, who, I believe, was a laborer at the time he took possession of the stores.

Question. Look at this petition headed "Isaac Nichols."

Answer. On this I recognize some names.

Question. In what business or political connexion?

Answer. I recognize the name of one man there who is now in the store as one of the laborers. I see the name of Michael Reilly, who was at one time a clerk in the custom-house under Mr. Schell, and who was removed for cause. I recognize the name of Mr. Edsell, who was formerly a merchant. I recognize the names of some ward politicians, but there are no names of prominent politicians. There is no prominent Brooklyn name upon the list. [The petition is signed by residents of Brooklyn.] There is the name of James McGinniss, who is now a laborer in the store—at least, we have a man of that name in the store.

Question. Will you look at this petition headed by C. B. Woodruff and tell us the business and political character of the petitioners?

Answer. I recognize more respectable names among these petitioners than upon the other petitions.

Question. Are there the names of any business men upon this petition?

Answer. None of any prominence.

Question. To what division of the democratic party do these politicians belong whose names are attached here?

Answer. Most of these men are Wood men. I recognize the name of Andrew V. Stout, who was city chamberlain; the name of Devlin; of C. B. Woodruff, who was formerly a member of the legislature; of Thomas Jones, jr., who was a member of the legislature, and a member of the common council.

#### Questions by Mr. HARRIS:

Question. That list is made of democratic politicians.

Answer. Yes, sir.

Question. Did you see the name of George H. Purser there?

Answer. I did not notice it. It may be there.

Question. Are there any names there of mercantile men of any significance or weight?

Answer. Not a single mercantile name of any weight or of any prominence in the city of New York. There are very few names of those you might call politicians of any class of any prominence. A great many of the merchants have expressed themselves well satisfied with the workings of the contract system relating to these stores. I recollect one instance of one of the largest houses in New York, where a member of the firm of Leschiglk, Wissendonck & Co., large importers of cloths, said to Mr. Bixby or Mr. McIntire, that whilst we had been there he had no doubt they had saved \$20,000 by reason of their getting out goods quickly. Very frequently they sell before they arrive, and if they cannot deliver them immediately they lose the sale. It has always been our object to facilitate the merchants as much as we can. We care very little for the politicians.

NEW YORK, *April 9, 1860.*

SIR : The undersigned, importers and merchants of the city of New York, would respectfully represent that the system recently adopted in the public store No. 12 Broad street possesses many advantages over the former mode of transacting the business, and is much better adapted to the requirements of the mercantile community.

Very respectfully, your obedient servants,

Maitland, Phelps & Co., by Royal

Phelps.

Richard Patrick.

William Alvord & Co.

Smith & Payne.

I. R. Jaffray & Son.

Ellenger, Mason & Hatfield.

L. Edgerton Roger & Hatch.

Watt, Dunning & Graham.

Lathrop, Ludington & Co.

Stirling & Shailer.

Lewis Bros. & Co.

John Stone & Sons.

J. W. Kester & Sons.

J. H. Hintermister & Co., by A.

B. Richards.

Britton & Co.

James Brackett & Co.

B. W. Pycock & Co.

Gouvelet & Gouve, 97 William st.

H. B. Hart, 9 Old slip.

Cameron & Co., 9 Old slip.

Augusto Thomas, 2 H<sup>o</sup>vers square.

L. G. Sheppard, 55 Maiden lane.

Francis Lauter, 53 Maiden lane.

Louis S. Fellews & Schell, No. 21 Maiden lane.

F. Mayer, 54 Beaver street.

A. P. Jacobs, 54 Beaver street.

Max L. Row, 54 Broadway.

T. & A. Blumenthal, 32 Maiden lane.

A. Wallach, by G. Wallach, att'y, 33 Maiden lane.

Cummings & Co.

Hon. HOWELL COBB,

*Secretary of the Treasury.*

Question. Will you look at the signatures to this statement and say whether they are the signatures of prominent and influential business men?

Answer. They are the signatures of the first business men in New York. Maitland, Phelps & Co., Richard Patrick, Wm. Alvord & Co., Smith & Payne, J. A. Jaffray & Son is, I believe, one of the largest

embroidery houses in the world. There are but one or two small houses in the list.

Question. Will you look at a similar list on pages 18, 19, and 20 of the same document, and state what is the business character and significance of the men whose signatures are there?

Answer. They are all first-class names—large houses.

Mr. Harris. The names of various members of Congress have been associated in the newspapers, as I understand, in connexion with the profits of this contract and its obtention. I think that gross injustice is done to gentlemen here by rumors of this sort, and wherever there is an opportunity to ascertain the facts, it ought to be done. I desire to ask you now, whether in any way, or at any time, directly or indirectly, any member of Congress has been, or now is, interested in the profits of your contract?

Answer. No, sir; there has been no member of Congress, to my knowledge, who has ever had, or has, one penny of profits arising from this contract.

By Mr. BARR :

Question. Or any other government official?

Answer. No, sir. No person, so far as I am aware—and I think I know all about it—has any interest in the profits of this contract, other than those I have named, viz : Mather, McIntyre, Bixby and myself.

By Mr. IRVINE :

Question. Do you know George H. Purser?

Answer. I do not.

Question. Do you know William H. Ditchells?

Answer. I do not.

Question. James Reilly, you say, was a laborer in the public stores?

Answer. Yes, sir; he was discharged the first day we took possession.

Question. With the same view that Mr. Harris has expressed, and with the view of ascertaining the facts in relation to this investigation, its objects and purposes, I want to inquire of you, if at the time these applications were being made for this contract by you, and by Mather, Bixby & Co., there were any other persons associated with you or with them, to your knowledge, as proposed contractors, or to have an interest in any contract to be obtained under the proposals which you were making?

Answer. There were none in this contract.

Question. I refer now to the separate proposals made by yourself, and by Mather, Bixby & Co. What I wish to know is, whether there were any other persons, to your knowledge, who were to participate in the contract, if the same was obtained under your proposals or theirs?

Answer. Yes, sir. Had my proposition as originally made been accepted, I should have had a partner in the contract. I had so arranged with a party in New York.

Question. Do you know whether this was the case as to the other parties?

Answer. I do not. It is proper for me to say that it was no government official or any person connected with the government in any way.

Question. Will you state whether any, and if so, what propositions or offers have been made by any parties in reference to the suppression of this investigation upon any conditions?

Answer. No, sir; there have been none that amounted to anything. A friend of mine came to me, and said to me "Do you want this investigation stopped?" To which I replied "No." He then said "I think I could stop it." I said that "I did not care enough about it; we had nothing to lose by it, but everything to gain; it will satisfy the public that the many rumors that have been set afloat about it are false."

Question. Who was the party that applied to you?

Answer. I would not like to mention his name. It was not any person connected with the government or Congress, so far as I know. I told him that I did not need assistance in that way; that we did not care a particle about the investigation. It was before any investigating committee had been moved.

By Mr. HARRIS:

Question. How did he know that any investigation was to be moved?

Answer. It was after many of these petitions had been in circulation; he may have meant that he would stop the circulation of the petitions.

By Mr. BARR:

Question. Are there any of the clerks and messengers that are employed by the government who do any of your work?

Answer. No, sir; we have half-a-dozen clerks and boys to do our running. The government have a large number of messengers in the store that do errands for the appraisers and the different examiners. Some of them were originally upon the pay-roll as laborers.

Without concluding the examination of the witness, the committee adjourned to meet at 7 p. m.

7 O'CLOCK, P. M.

The committee resumed its session. Present: Messrs. Barr, Irvine, and Harris.

Examination of JAMES B. CRAIG continued:

Questions by Mr. BARR:

Question. You said that you had about one hundred and twenty-five men at work?

Answer. Yes, sir.

Question. Do you keep that number of men employed all the time?

Answer. We keep the names of as many as that number upon our



books. All the men are not employed every week unless there is occasion for it.

Question. About how many do you keep employed?

Answer. It depends altogether upon the amount of work.

Question. About how much pay do the men average per day?

Answer. We pay \$2 for every day that they work; they work as the business requires it; at times the business requires that the whole hundred and twenty-five men should be employed; there have been times when we had one hundred and eighty at work.

Question. Do you know how many were employed when the collector had the appointment?

Answer. I think there were about three hundred altogether—those that were employed by the collector and by the appraisers.

Question. About how many weeks do the men in your employ work, and how many do they lose?

Answer. If we have work for a hundred men, instead of discharging twenty-five men, we would suspend them for a week, and next week let them go to work and suspend twenty-five others.

Question. You do not suspend them half the time?

Answer. No, sir; we never suspend any men in the appraisers' department, those that are openers and packers; it is the laborers and those who do the trucking and hoisting; one man can do that as well as another.

#### Questions by Mr. IRVINE:

Question. Do any of the contractors, and if so, which of them, give their personal attention to this business?

Answer. Yes, sir; Mr. McIntire gives his whole attention to it; Mr. Mather, Mr. Bixby, and myself give each a part of our time; there is scarcely a day that I do not devote some part of it to the business. Whilst Mr. McIntire was away at Charleston, Mr. Bixby and myself were at the store all the time; Mr. Mather a part of the time. There is always one or more of us at the store.

Question. As near as you can state, what is the amount, one week with another, since you took the contract, that you have paid out for cartage that you have not got back—cartage to the public stores?

Answer. I really could not say; a short time ago, at the time that the Secretary of the Treasury called upon Mr. Schell for a report of the working of this contract, we then figured up the amount that we had paid out for cartage; up to that time it was far in excess of the rate at which we had estimated it; he gave us the year 1857, and the cartage paid by the government that year amounted to \$31,500; for the first eight months of the next fiscal year, up to the time we took the contract, the cartage amounted to some \$33,000; our expense for cartage was more than at the rate of \$31,500 per year.

Question. At the time the secretary called for this report?

Answer. Yes, sir; at that time I think we had paid as high as \$1,200 a week for cartage.

Question. How long does the busy season last with you?

Answer. About six months in the year; for instance, January,

February, and March, are heavy months; from the middle of June to the middle of September are again heavy months; the remainder of the time the work is not so heavy, as the importations are not so large.

By Mr. BARR:

Question. For how many years have you been acquainted with the workings of these stores?

Answer. Ever since the 1st of May, 1853; I then went into the custom-house.

Question. You cannot tell what the men would average a day, or the average employment you give them for the whole year?

Answer. They get \$2 a day; if they are sick, or for any cause do not work, they are not paid; the watchmen that we have we pay more than the contract calls for; we have watchmen that we pay \$15 per week, and some of our laborers we pay \$15 a week.

Questions by Mr. IRVINE:

Question. Do you know of any subject of complaint made by any one as to the manner of the execution of this contract by you?

Answer. I have heard of complaints being made by some of the examiners who, when merchants would go to them to know why their goods were not passed, once in a while would say that the contractors did not give them men enough; these were the only parties that I have heard of as making complaints; they are not well founded, and it would turn out that the party making them was a lazy drone, too lazy to do his own work, and who wanted to shift the responsibility upon others; the appraisers themselves have all said that they were entirely satisfied; we have their letters approving of the allotment of men given to them; we have allotted so many to examine goods, and we have allowed them to select men out of the best men we had in the store; so far as I know, and so far as I have been able to judge—and I think I know the working of that store as well as any one else—the business, so far as the merchants is concerned, was never transacted with so much promptness as it is now, and it stands to reason it should be so; it is to our interest to get the goods out in as short time as possible, because the longer they remain the more labor has to be performed; if they remain long we have to tier box upon box, making it necessary to employ a greater number of men, if for no other reason than the consideration of dollars and cents would induce us to get the goods out quickly.

Question. Are there any government officials, or members of Congress, or politicians, who have made complaints in your carrying out the contract in respect to the employment of laborers?

Answer. A good many politicians have; their name is legion; they complain that their friends have not been rewarded.

Question. Give us the names of some of them?

Answer. I should say nearly every prominent democratic politician in New York. They most all of them had their friends in the public stores, and in the reduction which was made they grumbled; Mr.

Barr, Mr. Cochrane, Mr. Maclay, and all hands. These are members of Congress. Then a great many of the prominent politicians had their friends there.

Question. This was the only ground of complaint?

Answer. Yes, sir; it is not what it used to be, a hospital for needy democratic politicians.

Question. I take it that in the *personnel* of the laborers you exercise such judgment as you deem best for your own interest?

Answer. Entirely; we select the men just as any other business men would do.

Question. Have you been controlled or influenced by the suggestions of outside friends?

Answer. We have taken their recommendations in some instances and discharged the men as soon as we put them in, because we found them to be worthless. We have discharged numbers of such men, after we had tried them for a while—men that we thought could do the work at first, old men, not able-bodied; the work in the store is hard, requiring competent, able-bodied men; but the hours of work are very short; they go to work at 7 o'clock in the morning, and, as a general thing, the stores are closed at half-past four.

Question. Do any of these contractors have any connexion with any other public work?

Answer. Not that I am aware of.

Mr. IRVINE read the following section:

“That the assistant appraisers at New York shall receive a compensation of \$1,500 per annum, and those at Boston and Philadelphia a compensation of \$1,200 per annum, to be paid out of the proceeds of the customs; and the clerks and all other persons employed in the appraisers’ office shall be appointed by the principal appraisers, and their number and compensation limited and fixed by the Secretary of the Treasury.

Question. I want to ask you if any of the clerks of the appraisers, any of the clerical officers specified in this section, are included in this contract, and are employed by you?

Answer. Not one; the Secretary had his attention directed to that law before he made the contract, and he guarded against it. At one time it was proposed, in one proposition, for us to take charge of certain clerks to perform certain clerical labor, but he would not consider it at all.

Question. How many clerks are there under the appraisers?

Answer. There are a good many.

Question. How many of the appraisers’ clerks are there in the public stores that are appointed by the appraisers?

Answer. I think there are about 50; those that are called examiners’ clerks are in addition. There are certain clerks who are designated in stores for particular duties, and they are known as examiners’ clerks, and they are nothing but clerks. There are certain other clerks who keep the invoices and the registers of them; the examiners’ clerks are those who assist the assistant appraisers in the exam-

ination of merchandise ; there is no clerk appointed by the collector or the appraisers that we have anything to do with ; the collector has the entire control of the goods, and they remain in his custody just as they always have.

By Mr. BARR :

Question. Do you know what they used to pay the men in the store under Cornelius Lawrence ?

Answer. Ten shillings a day ; it is my opinion that the wages of the men were increased on two different occasions ; when I went into the custom-house in 1853 the compensation of the laborers employed in the appraisers' stores, and also in the bonded warehouse, which was then under the control of the government, was \$1 25 a day. Upon Judge Bronson's suggestion, during his administration, to the Secretary, and which was approved by Mr. Guthrie, the wages of the men were increased to \$1 50 a day. It was during Mr. Redfield's administration, I think about a year afterwards, the wages were increased to \$2 per day, with the approval of the Secretary. It is necessary that those who are in the appraisers' department should be superior men, as they have to open, pack, and repack goods ; it is a science to pack and unpack china and glassware, and articles of that kind, so that they would not be broken ; men are selected for this business with reference to their fitness and integrity ; all the balance of the work any laboring man can do, who is strong enough. There was one thing which was stated in the newspapers which, with your permission, I wish to correct ; it was stated that a large robbery of diamonds was committed in the public stores, by a person who was in our employ, amounting to \$30,000 ; the fact is just this, that there was about \$100 worth of gilt jewelry taken by that person at different times ; that was the extent of all the defalcations that have ever been committed in the stores since we have had the charge of them, and that was done by a person who was not selected for employment in the store by ourselves, but by a man who had been in the stores for some years under the collector, and occupied the position of foreman ; he was first put in there as a common laborer, and from his intelligence and supposed integrity was advanced, first to be foreman of one force, and finally to be general foreman of all the men ; we found him in that position and continued him, and it turned out that he was a man not fit to be trusted ; that is the only instance of a robbery which has been committed in the public stores since we have had the charge ; there were several instances before we took charge of them, where whole packages of merchandise were taken out ; in one instance there was a whole case of silks that was worth some \$6,000.

Question. Were they recovered ?

Answer. No, sir.

Question. How was it known that they were stolen ?

Answer. The parties did not get their goods. I merely mention this to show that under the old plan there was a little stealing going on, and that since we took possession of the stores there has been but one instance and that of a trifling amount.

Question. Who was the thief in this case ?

Answer. Michael C. Murphy. He has been indicted for it. The case was set down for trial some time last week.

By Mr. IRVINE:

Question. What became of him?

Answer. Immediately after he was detected in the theft, he went away, but he came back subsequently and gave bail to appear for his trial. I have heard since I have been in Washington that he has forfeited his bail.

Question. A suggestion has been made that some of the jewelry was found with one of the contractors?

Answer. It was not true. This man Murphy was a politician in the 5th ward, the same ward in which Robert McIntire lived, (a brother of McIntire, one of the contractors.) Murphy and Robert McIntire were political friends. Murphy presented Robert McIntire with a chain and couple of seals, which, as it subsequently turned out, were a part of the jewelry he had stolen. His having given this jewelry to McIntire led to his conviction. It has been mentioned to me, since I have been here, that some was given to Mr. Bixby. This is not true.

Question. Do you know of any wines being given from the public stores to any government official?

Answer. I have never heard of any. I have no doubt that that suggestion arose in this way. Mr. Teller, who is one of the assistant appraisers, has in especial charge the liquors, and is a very good judge of them. If Mr. Cobb, Slidell, Gwin, or anybody here who knows him, wants to get a stock of liquors, he would go or send to Mr. Teller, and ask him to select and buy them, because of his good taste. He can buy them from the merchants in first hands.

Question. Do you know of any wines, liquors, or segars in the public stores that have been taken by the contractors, any or either of them, and presented to anybody?

Answer. I do not know of any such thing, nor have I ever heard of any such suggestion.

Question. Do you impose any political tax upon the laborers in your employ?

Answer. Not the slightest.

Question. Was there any money or other consideration given to any of the parties connected with the government to secure this contract?

Answer. No, sir; not one penny, so far as I know.

Question. What number of watchmen are requested to watch the stores at night?

Answer. There are five; and I think that is a greater number than there is any necessity for.

By Mr. BARR:

Question. How many do the government employ?

Answer. I think the collector selects two, under the contract, and the other three we select ourselves. It was put in that way so that,



whilst we are responsible for all losses, there might be men not selected by ourselves.

By Mr. IRVINE :

Question. As near as you can tell, what are the average weekly profits of the contract over and above all expenses, making no charge for the time and attention of the parties themselves?

Answer. I cannot say what the average would be.

Question. I mean taking an average—the dull as well as the active season of the year?

Answer. I could not say, because we have but a very little time which might be called a dull season. All through January, February, and March, it has been a busy season; in fact, December was. The importations commenced earlier this last year than before, and therefore I could not tell.

Question. Have the net profits of the contract been as much as a thousand dollars a week, on an average?

Answer. No, sir.

Question. As much as \$500?

Answer. No, sir. Thus far, as I stated this morning, I do not think that we have made, over and above our expenses, not considering any compensation for our attendance there, more than \$5,000.

Question. Do you think that you worked the stores as economically as they could be done?

Answer. We did not do it at first; we worked them a little more extravagantly than we will hereafter. I think that we have ascertained now about how many men it will require to work the stores even in a busy time.

Question. You say that you have had acquaintance with the public stores, and have been in the custom-house, as long as seven years?

Answer. Yes, sir, since May, 1853.

Question. What comparative increase in the business of importation has there been in the last seven years?

Answer. A very large increase. The business is now much larger than it was in 1853, and the business of these stores particularly. In 1858 the gross importations at New York were not so large as they had been in previous years, yet the number of packages sent to the public stores was greater than ever sent before; and for the reason that the business of importing, instead of being confined to large houses, is now carried on by smaller houses, who import their own goods direct, instead of purchasing them of the larger houses, thus increasing the number of packages which, under the law, would be compelled to go to the public stores. The law requires that one package, at least, out of every ten, and one out of every invoice, shall be examined. If a large merchant imports ten packages, out of that ten there would be one sent to the public store. If ten smaller merchants import one package each, they would all have to go to the public store, and thus the business is increased ten times as much as it would be if these packages were imported only by one man.

Question. Does that increase in the importations increase or affect the matter of cartage?

Answer. It increases the cartage by reason of the charges being so much upon a package.

Question. Has any party or parties before or since this complaint has been made demanded to be sharers in or connected with this contract?

Answer. Not to my knowledge.

Question. Has any proposition, to your knowledge, been made to you or your partners or either of them to allow any parties to become interested in this contract, as a consideration or inducement to have this investigation stopped?

Answer. Not that I am aware of.

Question. Are there any personal differences between the contractors or either of them and the parties who have complained as petitioners in this matter?

Answer. I believe McIntire and O'Reilly, who has been mainly instrumental in procuring the names of these petitioners, had some little personal difficulty.

Question. When did that difficulty arise?

Answer. It must have been in October of last year.

Question. Do you know whether there were any applications made to you or either of your associates after this contract was made for information as to its terms and the amount of compensation that you were to have, which you refused to give?

Answer. No such application was made to me, and, so far as I know, none was made to either of my associates.

Question. Do you know Mr. Purser intimately?

Answer. I have known him for seven years.

Question. Do you know that he was at any time an applicant for this contract?

Answer. I heard when I was in Washington, in February, that Mr. Purser had sent on an offer to the Secretary of the Treasury to take this contract for a less price than we were paying. That was the first information I had of it, and I think it was the first time he made his proposition.

Question. Did you learn it from Mr. Purser?

Answer. I learned it first from Mr. Maclay, of New York; I learned it afterwards from Mr. Cobb, the Secretary of the Treasury. I never heard of it from Purser till Saturday night. He told me then that he had offered to do it for less than we were doing.

Question. Is this man O'Reilly a man of any pecuniary responsibility?

Answer. Not that I am aware of. He was a laborer in the stores when we took possession of them, receiving \$2 00 a day. I did hear that he made a proposition about the same time that Purser did.

Question. Is he a man competent to transact this business?

Answer. I know very little of him, but I should think not. I should think that he had not the requisite experience or ability. I know nothing about his intelligence.

Question. Is he an Irishman?

Answer. Yes, sir.

Question. You suggested in one of your answers to-day that it was contemplated when you made your first application that you were to have another partner associated with you in the contract if you got it. Was there any pecuniary arrangement or consideration passing between you and him by which he was dropped?

Answer. No, sir. If the contract had been made by the Secretary with me the person was to have had an interest with me; as my proposition was not accepted that arrangement fell to the ground.

By Mr. BARR:

Question. He had nothing to do with this contract?

Answer. No, sir.

JAMES B. CRAIG.

JUNE 2, 1860.

The committee, upon the call of the chairman, met at 10 o'clock a. m. Present: Messrs. Barr, Harris, and Irvine.

*Testimony of Hon. John Cochrane.*

Hon. JOHN COCHRANE, of New York, was sworn and testified as follows:

Questions by the CHAIRMAN:

Question. You addressed a letter to me, as chairman of the committee, stating that you would like to come before the committee and make a statement. Will you please tell the committee all you know in regard to the matter before them?

Answer. The reason of my request to be examined by the committee was that I understood that my name had been mentioned by one of the witnesses in connexion with the question of the contract which is before you for consideration; and although I understood that the witness had exculpated me entirely from any interest in the contract, yet, the fact of my name being mentioned, I thought required, in justice to myself and the body of which I am a member, that I should make an express and explicit statement regarding my own position in that respect. I was aware that an effort was being made to put under contract the public work connected with the collection of the customs in New York. I was made aware of that by Mr. James B. Craig. I had long been a friend of his, and upon his presenting the matter to me, I agreed to speak, favoring his applications, upon the subject to the Secretary of the Treasury. I, with other members from the city of New York, I think, recommended the contract system with a recommendation, however, that the wages of the men should be continued at the price at which they then were. At the time, or about the time, of making the recommendation, I expressed to the Secretary of the Treasury my doubt whether the contract should not be submitted by advertisement to the application of bidders. Before and at the

time and after the contract was made, Mr. Craig had the gratuitous use of my name in the law business, which had been voluntarily proffered by me to him as an inducement to his coming out of the custom-house where he was then employed, in order that his social and moral position and business prospects might be improved. He accepted the proffer. I never was nor am I now his partner in any sense—in no way connected with his legal or any other business, and having no contingency or interest in it of any nature or description, either directly or remotely, within the range of any possibility. When in New York, the business which as counsel I may do for him, I charge counsel fees for, against him, as I would against any stranger. By reason of the report which the use of my name by him has given rise to, that I was in partnership with him, some while ago I recalled from him the use of my name, and directed that my name even should be taken from the sign upon the office where he does his business. I think that that is all it is necessary for me to state in that connexion. I have deemed it due to myself as well as to the House of Representatives to make this statement, as it would not only in my judgment be discreditable to a member of the House to be at all interested or in any degree related to a contract of that public description, but it would be also against the direct provisions of positive statutory enactment.

Question. Were you surveyor of the port of New York for four years preceding Mr. Hart?

Answer. Yes, sir.

Question. You know something of the working of these public stores?

Answer. I do.

Question. When you went into the office of the surveyor, how were these public stores managed?

Answer. The labor and laborers in the public stores were employed by the government.

Question. Under the supervision of appraisers?

Answer. Under the direction of the collector. The appraisers employ certain men who are immediately connected with them, acting under them, while the laborers, generally classified as such, were employed by the public storekeeper appointed by the collector.

Question. Do you mean that the collector or the storekeeper appointed the laborers?

Answer. The collector appointed the storekeeper, who employed under his direction the laborers.

Question. You have examined this contract?

Answer. Yes, sir. I will state, in connexion with that question, that I never saw the contract or knew its terms until I saw it in print as a document of the House, and also that I did not know until sometime after the contract was made even who the parties to it were to be—all of them. I was ignorant that Mr. Bixby was to be a partner. I do not know that I have stated previously that I had no interest in the contract. If not, I state now that I have none now, and never

had, either of a direct or indirect, immediate or remote, or any other character whatever.

Question. I will ask you if this contract had been given out by advertisement whether it could not have been executed for a good deal less?

Answer. From the facts which have fallen under my observation since the agitation about the contract commenced, I think that it could have been executed at a far less sum.

By Mr. HARRIS:

Question. You were brought in contact, I suppose, in your official capacity, with the merchants a great deal while you were surveyor of the port?

Answer. Yes, sir.

Question. Have you looked over the list of names of merchants who have signed this? [referring to letter approving the contract.]

Answer. Not especially.

Question. Suppose you look at the names, and tell us whether they are the names of leading merchants who do business with the custom-house?

Answer. I recognize among the names of importers and merchants signed to exhibit F, pages 18 and 19, some well-known merchants; others whose names I do not recognize, and I remember many whose names are not here.

Question. There are some other lists on other pages?

Answer. At page 23 I recognize the names of other well-known importers and merchants in the city of New York; some occur, also, at that page that I do not know.

By Mr. BARR:

Question. Are there not some shipping merchants who do business with the custom-house only in the way of clearing vessels?

Answer. I am not sufficiently informed in that matter to answer the question.

By Mr. HARRIS:

Question. Are not a majority of the names on the pages to which you have referred the names of men whom you recognize as among the leading business men of the city of New York?

Answer. I do not know specifically; but from the sound of the names of the firms I should say they were.

Question. Have you ever looked at the list of names appended to the petitions in this case, asking for an inquiry to be made; and if so, I would ask you what proportion among them of men of business, importance, and standing in the city of New York do you recognize as doing business with the public stores?

Answer. I recognize among the names to the petitions that I examine now very few of those whom I know. Of those whom I know, hardly any do I recognize as those doing business directly with the public stores. Among them I observe grocers, liquor dealers in respectable number, who deal in the material which proceeds primarily



from the public stores. I recognize, also, among those whom I know, gentlemen who are in official position under the municipal government of New York, and others, respectable men. They all, from my general knowledge, are of that character; a great majority of whom I suppose to be laboring men.

Question. From the knowledge you have of the character and class of men who have signed those petitions, do you consider them intelligent parties, able, from their circumstances of business, to express an intelligent opinion as to the working of this system governing the public stores?

Answer. I should, in the direction in which they may be presumed to have knowledge, viz: the operation of it upon the interests of the class of which they form a part.

Question. Are any of the names signed to these petitions those of importing merchants?

Answer. I do not recognize any of them as importing merchants.

Question. Do any but importing merchants come in contact with the operation of the public stores.

Answer. They do not immediately. Those who come thus in contact are laborers and employés.

Question. Is it then as laborers and employés that you assume these parties to be competent to express an intelligent opinion as to the working of the system?

Answer. Yes, sir, in that direction.

Question. Do you mean to be understood that their interest is affected in the matter because of the greater or less number of persons employed as laborers in the public stores under one system than under another?

Answer. Yes, sir; together with the amount of wages.

By the CHAIRMAN :

Question. When this contract was about to be made, I will ask you whether it was not understood that these men were to get \$2 a day on the average?

Answer. The understanding, I believe, with which we congressmen recommended this system was expressed fully in the recommendation, viz: that the wages of the laborers should not be reduced.

Question. That they should be employed the same as they had been?

Answer. With the same pay and in the same manner. When I speak of manner, I mean the same number of hours per day, continuously.

Question. Have you ever sent any letter in regard to the legality of this contract to the Secretary of the Treasury?

Answer. I was going to say that having signed the recommendation with other members of Congress from the city of New York, to which I have referred, it is proper that I should also state that after observing the operation of the system and the manner in which it was conducted and its effects upon all classes, I addressed an official letter to the Secretary of the Treasury in opposition to the continuance of the contract, advising or requesting that it be rescinded, as I understood he had the power of rescision. Whether I addressed him any

legal reasons for that advice or request I now do not recollect, but I incline to think that I did not.

By Mr. HARRIS :

Question. Did you discover at the time you addressed that communication to the Secretary of the Treasury that the interest of importing merchants and of business men generally in the city of New York was interfered with and injured by the working of this contract system, and did you make that the ground of application for its rescision ?

Answer. I should say that I had no regard to that. If I had regard to that, I should have been incapable of speaking upon it for the reason that I had not sufficient information upon that head to hazard or express an opinion. But the reasons which I had were founded upon an examination of the complaints of laborers and others of respectable position in the community, of the unequal and unfair manner of conducting the business in the public stores and the labor necessary to it by the contractors.

Question. Do you know whether those complaints had any reference to turning out men who had been previously in employment, and the inability of others to get employment by these contractors ?

Answer. They had reference to that, and also to the declared favoritism manifested by the contractors to certain individuals; but one other reason I would mention in that connexion, and that is, the system that had been adopted of suspending portions of the laborers for given periods and restoring them at the end of the same.

Question. Had you discovered that the working of the contract system involved a loss to the government as against the old system ?

Answer. I had not; I had been informed and believed, and still believe, as against the old system, that is, the system which prevailed when I was surveyor, that it was a decided improvement or gain pecuniarily to the government; but I will state further, now that it is brought to my mind, that one of the reasons which I expressed in my letter addressed to the Secretary of the Treasury advising his rescision of the contract was, and I reaffirm the reason here, that this system did not allow the work to be done at as low a sum as evidently it could be done, expressing the fact that the difference between the sums actually paid to the laborers and the contract price evidently was the profits and emoluments of the contractors.

By Mr. IRVINE:

Question. Prior to the time when this contract took effect, will you tell us whether laborers were appointed to or employed in the public stores upon the representations and solicitations of officials—members of Congress ?

Answer. They were, among those of other persons.

Question. After this contract was made, do you know whether that was done or not ?

Answer. I think it was; whether in the same degree or number I cannot say.

Mr. IRVINE. Probably not; the force was reduced one-half.

WITNESS. Whether in the same degree or number, or whether the same weight was given to the recommendation as previously, I cannot say.

Question. Was complaint made to you prior to the time you made this recommendation to the Secretary for the rescision of the contract, that men you got employment for in the public stores had been discharged?

Answer. I believe complaints had been made by individuals who had been discharged and who were placed there at my solicitation; but I cannot say, under the explanation given to me by the contractors, that I had any reason of complaint against them, except, I may say, this general feeling that the contract did not enable them to employ men who had been employed at my solicitation.

Question. Do you know James O'Reilly?

Answer. Yes, sir; I know him in this way; I do not recollect of having seen him in New York when there; he wrote to me upon this subject, and I have seen a person here whom I recognize as James O'Reilly.

Question. Was your application to the Secretary of the Treasury to rescind this contract based upon or influenced by his complaints to you?

Answer. No, sir; I had not seen him at that time, and no action of mine since has been influenced by his solicitation.

Question. Are you able to state who the parties complaining were upon whose complaint you based your application?

Answer. No, sir; in the first place, I will say that I based my application upon no specific complaint, nor do I remember any specific complaints to have been made to me previously; complaints were generally made.

Question. Were you influenced in that application by the knowledge that there were other parties applicants for this contract?

Answer. No, sir; I did not at that time know that there were other applicants.

Question. Did you not know that Mr. Purser was an applicant?

Answer. I did not at that time.

Question. At what time was this communication of yours made?

Answer. Last summer or last fall sometime I inquired at the department, but could not find a record it.

Mr. IRVINE. The contract did not go into operation until the 4th of September.

The WITNESS. It was after that; it must have been late in the fall.

Question. Is there any political or personal hostility between you and these contractors of any kind?

Answer. No, sir; on the contrary, there has been political affinity and friendship.

Question. Do you know anything of the personal responsibility of this man O'Reilly?

Answer. I do not.

Question. Alderman Tweed—is he a man of pecuniary responsibility?

Answer. I think he is; I have no personal knowledge in regard to the matter; I speak merely from general knowledge.

Question. Do you know Mr. Dichett?

Answer. I do.

Question. Is he a man of responsibility pecuniarily?

Answer. I do not know.

Question. What is Mr. Purser's business?

Answer. The last public business in which he was engaged was that of corporation attorney. I do not know that he has any official position now—that he has any recognized business; I think him to be responsible for what he may offer to do.

Question. Do you remember whether, at the time the application of Craig was being considered by the department, or at any time before the contract was executed, you addressed any opinion to the Secretary of the Treasury upon the subject of his power to make a contract?

Answer. I do not know that I did address any besides the recommendation signed by the members of Congress, of which I have spoken.

Question. How many members signed it?

Answer. I do not know.

Question. Tell us those whom you remember to have signed it.

Answer. I do not know that there were any names on the one I signed, or whether they were all on; but I signed it with the understanding that the members of Congress from the city were to sign it. But I was going on to say that it is not only possible but probable that I may have addressed by letter an opinion to the Secretary of the Treasury in favor of his power to execute the contract. That was my opinion at the time, with the exception of the doubt which I expressed, whether he ought not to advertise for proposals. That doubt, however, he disposed of by stating that he had no doubt himself upon that subject.

Question. This opinion was expressed in behalf of Craig's application?

Answer. Craig's not only, but afterwards the united application of Craig, Mather, and McIntire.

Question. Was this communication or opinion to the Secretary before or after the combination between Craig and Mather?

Answer. I think both before and after. I will just state that Mr. Craig made application first, and he made it before I was aware of any other person who was about to make an application. Afterwards I learned that Mr. McIntire and Mather had applied. That I learned upon the representation of Mr. Craig to me. He asked me what my judgment would be about maintaining his application as against them or uniting with them. My advice to him relative to his own interest was, that under the circumstances he should unite with them.

Question. Was this communication of yours to the Secretary in behalf of Craig, or of this joint application?

Answer. I applied for Craig in the first place, and then I am quite sure that I wrote a letter favoring them all. Whether the recom-

mendation made by myself in connexion with the members of Congress from the city was before or after the joint application I am unable to say; but I think it was after.

Question. Did you know at the time the original application was made by Craig whether anybody was going to be interested in the contract with him if he got it?

Answer. I did not. I supposed that no one was to be.

By Mr. HARRIS:

Question. Do you know of any other parties who about that time were applicants for the contract?

Answer. None other than those I have mentioned. I speak of what I knew then either by report or my own knowledge; but I speak of what I know now of my own knowledge.

By Mr. BARR:

Question. If you did write a letter to the Secretary in regard to the validity of this contract, had you any reference to the law of 1809?

Answer. I will state that when I gave my opinion I had reference to no law except the general remembrance of the law requiring all contracts to be let under proposals. I had not examined the case at all, nor had I referred to any statute with that one exception; nor did I know of any.

Question. Have you examined that lately?

Answer. I have.

Question. What is your opinion now?

Answer. It is an illegal contract, in my opinion.

Question. In regard to this letter that the members of Congress from New York city signed, was it before or after the Secretary had made up his mind to the contract system?

Answer. After he had determined to make a contract.

JOHN COCHRANE.

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TREASURY DEPARTMENT, *May 30, 1860.*

SIR: In answer to your letter of the 11th instant I herewith enclose a communication and accompanying statements from the collector of customs at New York, from which it will appear that after taking into consideration the points referred to in your letter, a saving of about \$2,350 per annum to the government more than was stated in my letter of the 11th ultimo, in answer to the resolution of the House of Representatives of March 26, 1860, has been effected by this contract. It is not improbable that by calling my attention to other details I will be able to exhibit still further reductions of expense under this contract.

I am, very respectfully,

HOWELL COBB,

*Secretary of the Treasury.*

Hon. THOS. J. BARR,

*Chairman Special Committee of the House of Representatives.*



TREASURY DEPARTMENT, *May 20, 1860.*

SIR: In reply to your letter of the 21st instant, inquiring under what sections of law or by what authority the contract was made with Mather, Bixby & Co. for labor in the public stores at New York, I have to say that it is necessary that there should be a proper understanding of the scope, object, and effect of this contract to an answer to this inquiry. It must be borne in mind that the whole object of the contract was to provide for the performance of certain labor required to be done in the appraisers' stores. I repeat what has already been stated to the committee, that the contract covers no clerical or official duties, but is confined to labor. The same power which would authorize a contract for the opening of one box of goods, or the carting of one load of merchandise, will authorize a contract for the opening and carting of any number of packages of the same character.

To deny the authority of the department to make this contract would be to deny the power to contract for the carting of one load of merchandise, and yet this has been done every day of every year, under every administration since the present appraisers' system was adopted.

With these general remarks I refer your committee to the following sections of law granting to the Secretary of the Treasury the general power of adopting proper and necessary regulations for the enforcement of the revenue and appraisement laws of the United States, viz: 6th section of the act of May 8, 1792, and 23d and 24th sections of the act of August 30, 1842.

Other sections of law might, if necessary, be referred to.

I am, very respectfully,

HOWELL COBB,  
*Secretary of the Treasury.*

Hon. THOS. J. BARR,  
*Chairman Special Committee of the House of Representatives.*

TREASURY DEPARTMENT, *May 30, 1860.*

SIR: In reply to your letter of the 9th instant referring to that portion of my letter of the 11th April, 1860, in answer to a resolution of the House of Representatives relative to the expense of the public stores in New York for the years 1858, 1859, 1860, and 1861, and requesting to be furnished with the "estimates of the expenses of said stores for the years immediately preceding," I have the honor herewith to transmit a statement from the assistant auditor at the custom-house, New York, of such expenses for the years 1853, 1854, 1855, 1856, and 1857.

Very respectfully, your obedient servant,

HOWELL COBB,  
*Secretary of the Treasury.*

Hon. THOS. J. BARR,  
*Chairman Select Committee to investigate the  
contracts relating to the public stores in New York.*

*Rent of stores occupied by the appraisers, district of New York.*CUSTOM-HOUSE, *New York, May 14, 1860.*

For the year ending May 1, 1853.....	\$37,390 00
May 1, 1854.....	40,052 50
May 1, 1855.....	40,890 00
May 1, 1856.....	54,497 22
May 1, 1857.....	63,055 48

J. W. HUNTER,  
*Assistant Auditor.*AUGUSTUS SCHELL, Esq.,  
*Collector of the Customs, New York.*COLLECTOR'S OFFICE, CUSTOM-HOUSE,  
*New York, May 15, 1860.*

SIR: I have the honor to acknowledge the receipt of your letter of the 12th instant, enclosing a communication, under date of the 11th of May, instant, from the Hon. Thomas J. Barr, chairman of the select committee of the House of Representatives, asking for certain information in relation to the contract with Messrs. McIntire, Mather, Bixby & Co., in respect to the compensation paid therefor.

In reply, I have to state that certain merchandise, known in commerce as "samples," and imported for the convenience of trade, is taken possession of by the government on its arrival, and deposited, under the regulations, before it passes into the appraisers' office, in what we call a "sample office," where it is subjected to examination as to its character. Such packages as are not of dutiable value are delivered to the importer, on payment of a charge sufficient to meet the expenses of this office, varying from twenty-five cents to fifty cents for each package. The amount received by the government for such packages for the year ending August 31, 1859, was \$6,212 15, and for the eight months ending April 30 was \$3,136 63, as appears by the enclosed statement of Daniel G. Lobdell, warehouse superintendent, marked "M."

That portion of said samples which, on examination, are found to be of dutiable value, is transferred to the appraisers' stores for the purpose of examination and appraisement; and the importer, to procure possession of the same, is obliged to make entry and pay duties thereon, and, in addition, to pay the cartage and labor. Like charges are made on merchandise taken possession of by the government, for which there is no invoice, and that is sent to the appraisers' stores, for the purpose of having the damage ascertained, which are paid directly by the importer. The provision in the contract referred to by the Hon. Thomas J. Barr, chairman, &c., was intended to secure to the Messrs. McIntire and others, contractors, the amount which

should be received from the importers in the said cases of dutiable merchandise transferred from the sample office to the appraisers' office for appraisement, and that sent for damage appraisement, the labor and cartage being rendered by them. The amount so collected and paid to the contractors, under said provision, appears, by the enclosed statement of J. W. Hunter, assistant auditor, marked "N," to have been \$2,253 52, for the eight months ending 20th of April last.

It would have been proper to have referred to this clause in the contract in my letter to the department of March 31, 1860, it being part of the arrangement with the contractors, for the purpose of showing the entire amount received by them, and also to show the additional income derived by the government from this source, which will amount, as per the estimates of Mr. Lobdell, to about \$5,000 this present year. I should state the charges on packages in the sample office were reduced on the 1st of September last, which is the reason of the reduced receipts therefor since that time.

The expenses of that office are about \$2,650, which were not included in the annual expenses of the appraisers' office, as reported in my letter of 31st March last; and the annual saving to the government will be about two thousand three hundred and fifty dollars, in addition to the amount specified in my letter as saved to the government by the contract.

Very respectfully, your obedient servant,

AUGUSTUS SCHELL,  
*Collector.*

Hon. HOWELL COBB,  
*Secretary of the Treasury.*

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M.

CUSTOM-HOUSE, NEW YORK,  
*Warehouse Superintendent's Office, May 14, 1860.*

SIR: In compliance with your request to report the amount of money collected and paid to the cashier, as charges on packages delivered as samples, of no dutiable value, from the sample office, for eighteen months from the 1st of October, 1858; also, the authority under which such charges are collected, I have the honor to report:

That the practice has prevailed since about the 1st of March, 1856, of collecting charges on packages delivered as "samples of no mercantile (dutiable) value" under the provisions of articles 24, 25, 26, and 27 of section 12 of general regulations, No. 54, of July 2, 1855, which provisions are contained in section 12, page 166, of general regulations of February 1, 1857, and by directions of the Secretary of the Treasury, contained in a letter, under date of March 1, 1856, in answer to a letter of the Hon. Heman J. Redfield, then collector, under date of July 8, 1856, transmitting monthly report of the then deputy

of the third division, to the department. Such a rate of charge has been and is made on such packages as found and believed to be necessary to reimburse the expense incurred in the receipt and delivery of such packages.

The following is a statement of the amount of money collected, and paid to the cashier, as charges upon the packages of no dutiable value, passed by the appraisers, for each month, from the 1st day of September, 1858, to the 1st of May, 1860, viz:

1858—September .....	\$472 95	1859—August .....	\$522 00
October .....	432 47	September .....	374 75
November .....	414 11	October .....	334 50
December .....	503 60	November .....	321 13
1859—January .....	641 10	December .....	405 50
February .....	527 24	1860—January .....	404 75
March .....	602 60	February .....	452 50
April .....	575 47	March .....	507 00
May .....	469 86	April .....	336 50
June .....	488 35		
July .....	562 50		
			<u>9,348 78</u>

This comparative statement shows a decrease in the receipts, which is attributable to a reduction in the charge made on each package since the contract went into operation; but the amount will, probably, reach \$5,000 per annum.

The sample office is a portion of the premises known as the public or appraisers' stores, in Broad street, and in charge of a suitable officer of the warehouse division.

The cartage of all the packages to the sample office is either performed or paid by Messrs. McIntire, Bixby & Co., the contractors for cartage, labor, &c., at the public stores, who furnish one daily laborer to the sample office to assist in opening, closing, and handling packages, in addition to the labor of trucking, and delivering all packages sent to the sample office into the office furnished by them.

There is no complaint, that I am aware of, against the present rate of charges on packages sent to the sample office. All of which is respectfully submitted.

D. G. LOBDELL.

*Warehouse Superintendent.*

Hon. AUGUSTUS SCHELL, *Collector.*

N.

CUSTOM-HOUSE, NEW YORK, May 14, 1860.

Amount received from consignees of goods and paid to contractors for cartage and labor on merchandise sent to the appraisers' stores for appraisement without invoice, or for appraisement of damage, &c.

For the month of September, 1859 .....	\$207 44
For the month of October, 1859 .....	286 28
For the month of November, 1859 .....	215 94
For the month of December, 1859 .....	283 65
For the month of January, 1860 .....	275 14
For the month of February, 1860 .....	328 63
For the month of March, 1860 .....	389 29
For the month of April, 1860 .....	267 15
	<hr/>
	2,253 52
	<hr/>

J. W. HUNTER,  
*Assistant Auditor.*

AUGUSTUS SCHELL, Esq.,  
*Collector of Customs, &c.*

NEW YORK, 49 *Rose street.*

SIR: I am prepared faithfully to perform all the duties imposed upon the contractors now performing the labor at the public stores, in New York, for a sum considerably less than the amount now allowed them, and give the most responsible securities for its performance.

I am ready to receive the contract at fifteen per cent. less than the sum now understood to be received by Messrs. Mather, McIntire & Co.

You will oblige me by furnishing a copy of the existing contract, and accept this as my proposal.

Respectfully, yours,

GEORGE W. DITCHETT.

Hon. HOWELL COBB,  
*Secretary of the Treasury.*

306 EIGHTH AVENUE, NEW YORK, *February 27, 1860.*

SIR: As you told me on Friday last you would give the contract of the public stores to the lowest bidder, as you were determined to save as much money for the government as possible, I have consulted with several persons here, who advise me to propose to do the work \$25,000 per year less than McIntire & Co. are doing it for. I propose to give you security of men of property and such as no one can object to. Now, as economy is the order of the day, I am sure you cannot refuse. I will expect your answer by return of post.

I am, with great respect, sir, your obedient servant,

JAMES O'RIELLY.

Hon. HOWELL COBB.



P. S.—I beg leave to say I will publish this letter with your answer.  
J. O'R.

N. B.—Although opposed to the contract system in public stores, yet seeing you so desirous to economize, I wish to assist you.

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NEW YORK, 5 TRYON ROW, *February 27, 1860.*

DEAR SIR: I understand that in the contract made with Messrs. Mather, McIntire & Co., for the performance of the labor required in the public stores in the city of New York, you reserved the right to annul it at the end of six months. Having heard that, on the ground of public economy and interest, you propose to continue the contract system, I now offer to perform the work at a reduction of twelve per cent. on the prices paid under the existing contract, and to give you responsible securities.

I should prefer, however, to enter into an open and fair competition for the work, and shall avail myself of any public advertisement you may cause to be issued for proposals. For my own personal responsibility I refer you to the Hon. W. B. Maclay, the Hon. John B. Has-kins, and the Hon. John Cochrane.

Your answer will oblige yours, very respectfully,

GEO. H. PURSER.

Hon. HOWELL COBB,  
*Secretary of the Treasury.*

I have been thinking of you very much lately and wondering how you are getting on. I hope you are well and happy. I have been very busy lately but I will try to write to you more often.

My love to you and to all the family. I hope you are all well and happy. I have been very busy lately but I will try to write to you more often. I have been thinking of you very much lately and wondering how you are getting on. I hope you are well and happy. I have been very busy lately but I will try to write to you more often.

Yours truly,  
John Doe